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MONTHLY REVIEW

VOL. 51
5

OCTOBER 1999 $4.00/£3.00

AN INDEPENDENT SOCIALIST MAGAZINE

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William K. Tabb

The Public Sector Strikes in South Africa
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Books:

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MONTHLY REVIEW VOLUME 51 NUMBER 5 OCTOBER 1999

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MONTHLY REVIEW (ISSN 0027 0520) is a publication of Monthly Review Foundation, a non-profit i nstitution. It is published monthly except July and August, when bimonthly, and copyright ©1999, by Monthly Review. Perio dicals postage paid at New York, NY and additional mailing offices. POSTMASTER: Send all address changes (Form 3579) to Monthly Review Foundation, 122 West 27 Street, New York, NY 10001. EDITORIAL AND BUSINESS: 122 West 27 Street, New York, NY 10001. Telephone: (212) 691-2555. Fax: (212) 727-3676. Email: editorial: mrmag@monthlyreview.org ; circulation and subscriptions: mrsub@monthlyreview.org. Unsolicited manuscripts will not be returned unless accompanied by a stamped, self-addressed envelope. MR is indexed in the PAIS Bulletin, Historical Abstracts, America : History and Life, Political Science Abstracts, and the Alternative Press Index, P.O.Box 33109, Baltimore, MD 21218, tel.: (410) 2 43-2471. NEWSSTAND DISTRIBUTION: B. DeBoer, Inc., 113 E. Centre Street, Nutley, NJ 07110; Armadillo & Co., 5795 Washington Blvd., Culver City, CA 90232; *Small Changes, 3443 Twelfth Avenue West, Seattle, WA 98119; Central Books, 99 Wa llis Road, London* E9 5LN, England. SUBSCRIPTION PRICE: One year $29, students and senior citizens $24; Foreign $37, students and senior citizens $28. Libraries and Institutions: U.S. $48; Foreign $48. Additional postage: First Class (U.S. $15); Airmail: Foreign (inc. Canada) $20.

(Notes from the Editors on inside back cover)

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LABOR AND THE IMPERIALISM OF FINANCE

by WILLIAM K. TABB

Organized labor has always privileged collective struggle at the point of production, judging it to be capital's most vulnerable point. Denying employers the labor power needed for the production of surplus value strikes at the reproduction and expansion of capital, the accumulation process which is the core of the system.

Here, I shall argue that labor and the larger progressive movement need to give far more attention to the emergent international finance regime now under construction, as well as the political demands which need to be part of an alternative conception of how globalization can work. At the heart of such an analysis must be an understanding of the logic of finance capital and an alternative working-class-oriented framework for the social control of capital.

Increasingly, it is monetary globalization, the cross border movements of capital (in the form of loans and equity, as well as direct investment, the value of currencies, and resultant pressure of balance of payments difficulties) which set the terms that dominate the wage bargain and the regulation of work at diverse locations. I will connect the growing importance of finance capital and its ability to force industrial restructurings (which can have dire consequence for workers everywhere) to the deflationary pattern increasingly evident on a global scale.

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The Background

In the fall of 1998, two-fifths of the world economy was in recession, including almost all of the so-called "developing world." China, for example, seemed poised on a precipice. It announced that over two-thirds of its key manufacturing industries were in oversupply, inventories out of hand, and prices and profits continuing to fall. In the months since then, there has been some improvement, but no real change in the structural weakness of these economies and, of course, we can note in passing the travails of Russia, Brazil, and Indonesia. So far, the United States has been the beneficiary of these problems. Consumer prices have gone down for many products and inflation is absent, thanks (in part) to low-cost imports, although the mushrooming U.S. balance of payments deficit is hardly sustainable for long at present levels. The stock market has gone up 30 percent a year for the last three years while productivity grows by three percent—an unsustainable situation. Some fear that the United States is where Japan was a decade ago before its bubble economy deflated. They note that Japan (after a decade of stagnation and countless failed efforts to stimulate growth) has been unable to cope with its severe overcapacity.

In the United States, the distribution of benefits has been incredibly uneven. Workers' real earnings in 1998 (though, at long last, rising) were still three percent lower than in 1989, while over these years, the average chief executive's compensation doubled. We also know that for some groups the situation is far worse. Half of all black kids in the United States grow up in poverty, for example. Richard Freeman's warning in the *Harvard Business Review*, where he reviewed the depressing figures on declining average weekly earnings for U.S. workers and growing inequality, famously asked if we are heading toward an "apartheid economy."

The Growing Power of Finance Capital

Such tendencies are visible throughout the world, which suggests that there is tension between international economic integration and the possibilities for progressive politics. Some observers argue that there is nothing officials can do except get out of the way of inexorable trends. Others have seen integrated capital markets reflecting deliberate policy choices of state actors, and thus reversible. A related debate is between those who understand the state itself to have become obsolete and others who see its continued importance but having a different set of priorities (i.e., as a supporter of international openness rather than as provider of social protections for citizens). A third area of dispute is the degree to which world financial markets operate along lines of the free market ideal of perfect competition,

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versus the extent to which the financial system is characterized by hierarchy rather than anarchy (with London and New York as the dominant centers, and their large financial institutions colluding with the regulatory authorities that exercise power over other market participants). But the hegemonic position of finance has been politically constructed and is hardly the simple product of blind market forces. The social costs of this arrangement are severe and potentially catastrophic. Here, I want to make the connections between the international financial regime, which has been encouraged by Anglo-American capital from the late nineteenth century, and the broader power of capital in the class struggle.

Since the end of the postwar period (the late 1960s or early 1970s, and with greater intensity since the 1980s), the pressure for financial deregulation has grown stronger. The international financial institutions (IFIs)—most importantly, the International Monetary Fund (IMF) and the World Bank—have focused with singular intensity on neoliberal goals that erode the political weight of National Keynesianism, social democracy, and socialism. New financial institutions reflect this changed emphasis. The European Central Bank's mandate is solely price stability, for example, with not even rhetorical support for growth and employment, which is assigned by law in the United States to the Federal Reserve. The *Euro*, the Maastricht convergence criteria, and newer attempts at international institution reformation (such as the proposed Multilateral Agreement on Investment [MAI]) are all premised on this logic. International governance becomes the conduit for the greater dominance of finance capital.

The class recomposition of recent decades has reinforced these developments. In what has been called the third world, local elites no longer pursue state-led nation development strategies, but welcome their new role as regional agents of international capital, and work to integrate their economies into globalized networks. In the advanced countries, too, the growth of information-communications sectors—tied to the globalization process—changes the consciousness of many technical professional workers. The attack on public pension provision and the growing commitment by better-paid workers (who have seen their retirement nest eggs grow in mutual fund portfolios) have given them a significant material interest in speculative investments tied to rapid restructuring.

At the level of macroeconomic policy, the unreasonable focus on inflation stems from the influence of financial markets. The banks and financiers do not like inflation because it devalues their bond holdings in real terms. They prefer a redistributive growth in which subsidies flow from working-class taxpayers (who are geographically less mobile) toward capital, which has substantial mobility and demands incentives to relocate or to stay put. The growing power of

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financial markets thus has serious consequences, a drop in effective taxation of capital and on the rich, combined with falling real wages for working people and lower social-welfare spending.

The pressure of financial markets to raise returns leads not simply to the closure of unprofitable operations but also to the sale of units that make lower-than-average profits. The number of direct employees of Fortune 500 companies has declined precipitously as a result of relentless pruning, contracting out, and a greater use of part-time and other contingent employees. It is by abrogating implicit (and even written) contracts, stripping of assets, and using debt in place of equity that returns to owners have been enhanced. The growing use of stock options has made the singleminded pursuit of profit for owners coincide with incentives of top executives. The pressure on corporate executives who tried to defend their traditional prerogatives came from institutional investors, corporate raiders, and restructuring buyout advisers. Companies that do not aggressively maximize shareholder value have been taken over by those willing to throw out the old managers and downsize the workforce. The momentum has been relentless and hardly limited to restoring past profit margins. It has been about maximizing returns to owners, regardless of the impact on workers and communities.

The world economy currently depends on a peculiar and unsustainable mathematics of capital flows. The top tier of U.S. consumers spends lavishly, in significant measure because of the wealth effect of rising equity prices. Working-class consumers go deeper into debt. Spending has been exceeding income—an unsustainable pattern. The U.S. imports the equivalent of three percent of our gross domestic product (GDP). Global excess capacity means bargains for U.S. shoppers, and foreign money pours into U.S. financial markets seeking secure returns. Global crisis forced the Fed to keep U.S. domestic interest rates low, fueling stock market expansion—a situation which reminds many of the political economy of Japan a decade earlier (if not the United States itself in the late 1920s). Wall Street worries that recent interest-rate increases will bring their decade-long party to an end. If it does, the one-sided nature of the expansion will be brought into stark relief. Surely the United States cannot continue to consume beyond its means forever, and run balance of payments deficits the size of the current one.

Of course, the international system has long had problems with financial crises. They are not new to our time. The problem is experienced both as uncontrolled capital movements (which destabilize economies) and as the difficulty of developing adjustment mechanisms. The problem can be understood in the framework of the Mundell-Fleming model, which shows that governments, their economic policymakers, central bankers, and treasury officials can-

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not simultaneously maintain monetary policy independence, a stable exchange rate, and unrestricted capital movements. Two of these three are possible—not all simultaneously. Free capital flows and stable exchange rates can be achieved by allowing interest rates to move in line with external pressures. It is possible (by controlling capital movements) to have exchange rate stability and to control domestic interest rates and, of course, if exchange rates are allowed to adjust to market forces, then capital mobility and monetary autonomy are possible.

Fiscal policy (taxation and government spending) is also captive to international monetary pressures, because flexible exchange rates and capital flows can make such policies ineffective. An open economy, subservient to market forces, reduces state economic policy independence and forces decisionmakers to adjust rather than to lead and constrain markets. If they attempt activism without national controls (and in the absence of an international governance structure which places social purpose ahead of profit maximization), market pressures can be destabilizing and regressively redistributional. Of course, this is a matter of degree. Public pressure on governments can be important. The greater the class consciousness of working people, the harder it will be for amoral capital to prevail. But without controls and social regulation of what is fast becoming (in Keynes' words, describing an analogous situation in the interwar years) "a parliament of banks," we will continue to face the need for painful adjustments and costly bailouts of financial speculators.

Inflation and Deflation

Today's issue is not inflation but deflation. Yet, while there has been little sign of inflation since the early 1980s, when Reagan-Volker policies raised interest rates (and unemployment) while cutting taxes for the corporate rich, we have seen—for the last two decades—monetarists of different stripes continue to press for the elimination of inflation. The evidence does not, in fact, show that inflation is harmful to growth.

Inflation below 40 percent a year has no discernable effects on economic growth. Working people are better off with some inflation and full employment. In that case, their real incomes after inflation have tended to go up. Indeed, the pursuit of lower inflation now threatens global deflation, which has consequences that need to be better understood. Deflation, a drop in the general price level, makes it more difficult for debtors, including countries and corporations, to pay back debt, which is fixed in nominal terms. When this debt is in a foreign currency, as is usual in the global periphery, depreciation of the national currency makes it even more difficult to pay debts.

Globalization, as it has proceeded, has reversed price movements,

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and while it is too early to say that future historians will find IMF efforts to impose austerity to have created a dangerous deflationary situation, there is mounting evidence that this is becoming the case. The logic of financial hegemony has been to reduce government expenditures and state intervention through privatization and contracting out, and to do away with capital controls. The demand for greater transparency and free trade reflects a superstitious belief in an idealized market mechanism that automatically achieves optimal external and internal equilibria, as in the textbook utopias of neoclassical economists. Orthodox policies once again, as before the Great Depression and the advent of Keynes, assert that interventionism by governments concerned about creating jobs and adequate living standards will do more harm than good. It all has a familiar ring.

It is important to distinguish between two very different types of deflation. The good kind comes from technological change, which lowers the cost of production. Computers, for example, get cheaper and more efficient over time, which spreads their adaption. Cost declines but sales go up. The speed of the product cycle in a number of areas has such characteristics. A second, and very different type of deflation, results from inadequate demand. Bad deflation results from excess capacity, growing inventories, rising unemployment, falling incomes, and lower consumption, which together cycle downward and can result in depression. Overcapacity intensifies competition, leading to lower profits, plant closings, and more job loss. As consumer confidence weakens, workers (even those not losing their jobs) grow pessimistic, and companies see no reason to invest in the face of excess capacity and a bleak outlook.

Economies can stagnate, as Japan's has done for a decade now. There are limits to how long a country (even one as rich as Japan) can go on this way. The excess capacity (in everything from semiconductors to steel) leads producers to lower prices, but consumers expect still-lower ones and so are in no hurry to buy. In an aging society, retirement worries compound lower present consumption. While all nations try to increase exports, most restrict imports. (The exception to this rule is the United States, the consumer of last resort for a world substantially in recession.)

Markets, Instability and the State

If markets responded instantly, falling prices might not be a problem. People would have more disposable income and simply spend the money on other goods and services, creating employment for those released from jobs lost to technological progress. But when wages are held down by repressive state policies and (given the anarchy of production) profits are directed to unnecessary new capacity, overinvestment arises. Policies which subsidize capital at the

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expense of collective and individual consumption intensify the sectoral imbalance between ability to produce and capacity to absorb output. The overexpansion of credit for both producers and consumers, which helped foster rapid growth, becomes a severe problem when growth ceases. The speculative bubbles that have affected Mexico and other Latin American countries and much of East Asia are a phenomenon of this sort. Blaming "crony capitalism" rather than capitalism itself is misplacing causation. Tulipomanias (escalation of the price of tulip bulbs in the Netherlands in the 1600s, which resulted in governmental regulation of the tulip trade) and the like have a long history, suggesting the need for social control of investment rather than continued faith in "efficient" capital markets.

The question of whether unrestrained markets unleash forces which can bring on global crisis and worldwide depression seems less abstract than it once did. But even short of any such meltdown, if enough people are victimized by unrestrained market forces, a legitimacy crisis can develop.

In the years following the rise of workers' movements in the industrial core, the Bolshevik Revolution, the Great Depression, and the Second World War, the working class gained power and unrestricted freedom for capital lost favor. Modern liberalism fostered socially responsible stakeholder capitalism, corporatism, and social democracy. The firm's relation to its workers came to be seen in longer relational terms as the collective power of unionized workers was felt. Layoffs of core workers were discouraged and, if deemed necessary, were coupled with promise of rehiring when feasible—under the threat of union action. Productivity-conditioned increases in compensation were considered the norm, at least in the highly organized sectors of the economy.

As militancy receded in the Cold War years, class cooperation seemed at first to pay off—not only for capital but also for the more organized sectors of labor. With recovery from the war and the emergence of the NICs (Newly Industrialized Countries), intensified competition, and increasingly transnational capital with global reach, export-oriented development came to be the dominant model of development. Innovations in communications and transportation allowed economies of scale (tied to the high cost of research and development, brand recognition, and the sales effort in major markets) to amortize cost. Transnational capital no longer needed the pretense of social partnership.

Ironically, it was U.S. oligopolistic industries that first faced the crisis of globalized production. Resultant deindustrialization and restructuring, and the growing importance of information-oriented industries, brought erosion to traditional sectors, in which organized labor had been strong. New sectors were not, for the most part, successfully

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unionized. What we know as deindustrialization (and later, corporate downsizing) was driven by finance capital seeking to impose radical restructuring as a way of extracting surplus by redistributing adjustment costs. The increased importance of the chief financial officer, an accounting mentality, and institutional investors were, in part, a reaction to rapid inflation—from the late 1960s—which the United States unleashed on the world. While this inflationary momentum is a complicated story, it resulted from the oligopolistic structure of postwar U.S. industry, with its comfortable cost plus pricing compounded by efforts to fight the unpopular Vietnam War without raising taxes. The hegemony of the state allowed U.S. presidents to force adjustment onto others.

Pre-Keynesian Orthodoxy

After the hiatus of the postwar era, in which National Keynesianism dominated, we have returned to earlier orthodoxies. The National Keynesian model was born of recognition that unregulated market capitalism was dangerous. The Great Depression and its costs were all too obvious to a postwar generation intent on using government to stimulate equitable growth. National Keynesianism had different forms in different places. In Latin America, populist regimes pursued import substitution industrialization under a political alliance in which industrial elites needed the support of urban workers against the ruling landed oligarchies. In Western Europe, capitalism had been discredited by the collapse of the 1920s and 1930s, and capitalists in many countries discredited by their collaboration with fascist regimes. Labor and the left came out of the war with high prestige and organized strength, so that social democratic corporatist governance structures developed out of the material needs and the constellation of class forces. National champions were protected and subsidized, capital controls retained. In Japan, and later in other nations of East Asia, a corporatism without labor emerged under more authoritarian political conditions to pursue state-led development.

The postwar era came to an end for reasons too complex to be discussed fully here, but transnational corporations (first, U.S.-based multinationals, and then those of other countries), along with international banks and other large financial institutions, sought freedom to invest and worked to undermine statist restrictions. Developments lowering the cost of information processing and transfer assisted in this task. Telecom and asset management innovations continue to push these developments forward. The material interests of these leading transnational firms were advanced by the IFIs, which used economic crises (often unleashed by destabilizing capital movements into and out of national economies) to advance the interests of transnational capital. In doing so, they reprised pre-Keynesian ortho-

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doxies. This becomes clear when we recall the similar prescriptions of the international bankers of the interwar years.

The important international gatherings of the interwar years, such as the Genoa Conference of 1922 (when international financial questions were considered) called for an end to "futile and mischievous" exchange controls, demanded greater independence for central banks, and less political interference in international banking. Commission members were, of course, leading figures from the world of finance, representing the major powers whose bankers (often these same representatives) dominated global finance. The Finance Commission at the Genoa Conference was chaired, for example, by the British Chancellor of the Exchequer. This approach (that free competition is always the best policy) has always represented the view of the strongest market participants. They have little concern for what has variously been called social cost, adjustment costs, and distributional costs, which they have seen as inevitable and unavoidable. They have written economic history in support of their views and interests.

The idea, for example, that the gold standard worked automatically and efficiently to create a smoothly adjusting international financial order over a large part of the nineteenth century (a key element of this story) has been shown to be inaccurate. The gold standard as the basis for Western European international monetary affairs came into effect only in the 1870s, and didn't spread to the greater part of the world until the century's end. It also depended on very specific economic and political circumstances, which could not easily be recreated once the working class came to be represented by its own political parties. Once workers understood (and were in a position to act on) the tradeoff between employment and balance of payments, convertibility became politically costly to ruling elites.

Furthermore, as interimperialist rivalries grew and British hegemony declined, the financial cooperation necessary to make the system work began to disappear. Painful adjustment for the benefit of others was made more difficult by growing working-class political power and the diminished ability of the British to get their way internationally. The Great Depression even more dramatically eroded the power of financial orthodoxy and the material interests it represented. At the end of the Second World War, few held illusions about self-correcting market mechanisms. But, as I have said, with the decline of the left in its various forms, finance capital regained its hegemony from social democratic Keynesianism.

Historic Parallels

In the last years of the 1990s, we see a situation not unlike that of the latter years of the 1920s. Today, there is fear that the Fed will continue to raise interest rates and spook Wall Street speculators. In

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1927, a stampeding bull market, not unlike the one we see today, led the New York Fed to raise its discount rate. The higher interest rate was also designed to keep its gold reserves, which forced up interest rates elsewhere, damaging the credit-worthiness of heavily indebted countries. Capital short nations tried to export their way out of crisis, protectionism increased, debt service burdens became heavier, defaults grew and the financial system fell apart. Calls for austerity, as the one purportedly "realistic" solution, made matters worse. Peripheral economies with inadequate reserves suspended payments as capital flight worsened. Stability at the center came to be undermined. U.S. industrial production fell 48 percent between 1929 and 1932, as the speculative bubble collapsed.

Then, as now, countries wishing to maintain their commitment to the rules of the international payments system could not reduce interest rates to stimulate domestic growth (without encouraging capital flight) unless they suspended convertibility. In earlier episodes it had been taken for granted that countries would accept high domestic costs of austerity and follow the rules of the game. But in the 1930s and, of course, today (when speculators had reason to think that a government might expand domestic credit, allowing the exchange rate to depreciate), they would sell its currency to avoid the capital losses. In the 1930s, the intensity of speculation against a currency depended on perceptions of its commitment to hold its gold standard valuation. Things are hardly different in the post-Bretton Woods era of committed pegs and floating rates for those who cannot or choose not to attempt them. That Brazil pegged its currency to the dollar and not gold is secondary to the essential congruence of the forces at work then and now.

Then, as now, these dilemmas were most painful in countries with weak banking systems. Then, as now, the fear that central banks might be prepared to bail out the banking system, even if it meant depreciating the currency, produced further liquidation of reserves as speculators fled the currency, seeking to avoid capital losses consequent to depreciation. This meant central banks could not inject liquidity unless they were prepared to enforce capital controls, which expert opinion in the financial centers said they should not do.

Today, the IMF and the U.S. Treasury demand that countries maintain convertibility despite the cost to the economies involved. In 1947, when the United States insisted that the British restore convertibility, a prostrate United Kingdom had no choice. This turned out to be a disaster for the British. Today, the United States also insists that high interest rates are the solution, so creditors do not take losses and convertibility is maintained no matter how this is painful to nations with balance of payment crises. This bleeding the patient, which has been likened to the use of leeches in the eighteenth century, is

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likewise weakening rather than restoring patients to health. In the interwar period in Europe, it led to the rise of fascism. After the horrors of the Second World War, the United States changed course and offered the Marshall Plan to stimulate growth. The cause, however, was the fact that austerity would have led to communist electoral victories and perhaps a change in economic system in countries like France, Italy, and Germany.

As it became politically feasible, the United States insisted on convertibility and open financial markets, which the Europeans and Japanese did not want to adopt. The 1960s and 1970s can be seen as decades during which, despite some strong efforts (especially by France under De Gaulle, and later third world demands for a New International Economic Order), the United States was able to continue to impose world financial and trade regimes to its liking over all opposition. The United States and the United Kingdom colluded to bring down the Bretton Woods regulatory framework. It was the initiatives of these two nations that produced the Euromarkets and unleashed a process of competitive deregulation. The dismantling of capital controls was designed to forestall the U.S.'s relative economic and military decline. The United States has forced unwilling countries to open their financial markets using the threat of excluding their exports from the U.S. consumer market. The latest manifestation of the harm that can be done by such forced financial-market opening is the East Asian crisis. The agencies in charge of restoring financial stability, especially the IMF, are seen as mediating on behalf of U.S. financial interests. Not all criticism of this regime comes from the left. Some of the strongest criticism of the IMF comes from the free market political right, which sees the IMF as creating moral hazard problems by guaranteeing insurance against loss. It encourages speculators to take on greater risk than they otherwise would. The free market economists who oppose the role of the IFIs believe that markets can discipline investors and governments better than the IFIs, by rewarding sound practices and punishing irresponsible ones. Right-wing populists object to the one world government aspect of the growing power of these international agencies, which they see as undermining U.S. sovereignty and placing burdens on American taxpayers. The blind spot of the radical right is to think that these international agencies (to say nothing of the black helicopters) are the tools of some shadowy world government rather than of their own state and treasury departments. By separating government (bad) from free enterprise (good), they fail to see the interpenetration of U.S.-based transnational capital and the emergent international state apparatuses. By idealizing competition and demonizing the state, they misrepresent both the nature of the economy and the class nature of the state.

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Liberal institutionalists who support the role of the IMF (if not its particular actions in every case) stress the need for surveillance by technocrats able to command the gathering of accurate and timely information that allows market participants to make informed decisions and prevents panic when collective action problems arise. When panic occurs, loans and guarantees from international financial institutions can calm markets. Once investors know their money will be there, they feel less need to pull their funds out. By encouraging creditors to act collectively in support of mutually beneficial workout programs, this view states, international agencies can limit the cost of resolving financial panics. This gives the countries involved the breathing room to deal with their problems. Liberal institutionalists believe markets overreact to incomplete information and to rumors, follow herd-like behavior, and can be unnecessarily punishing as expectations dramatically change. The liberal institutionalists argue that the IFIs allow the shifting of costs onto borrowers, and are advancing the interests of the United States, since so much of the funding extended and put at risk yields profit to U.S.-based financial institutions. They present IFIs as organizations run by technicians who are nonpolitical in their activities—a view which misrepresents the purpose of the agencies. Their purpose is, in fact, to reproduce an international financial regime that redistributes wealth to elites at the expense of the majority of citizens.

From a left position, the costs to U.S. taxpayers are less important than the support the IFIs give to finance capital to control the lives of people around the world and to deny democratic choice. The IFIs are the enforcers for finance capital. Moreover, the left challenges the current orthodoxy's estimate of the actual benefits that such austerity programs are said to achieve. The claim that deregulated financial markets produce "correct" pricing of capital assets is an ideological assertion and numerous studies show it to be false. But the mainstream propaganda has been so effective that, for many people, it is hard to believe that the IMF solution, and neoliberalism more broadly, is not the "scientific" solution, or that there could be any alternative to the logic of the pure market. The socially costly, unnecessary, and wrongheaded policies forced on countries during the interwar years are once again dominant. One hopes that it does not take a similar painful learning experience to discredit them again. One reason for the unseemly haste to force new financial rules—that would enshrine the freedom of capital from political interference—is that a vast amount of learning has gone on: citizens everywhere are increasingly aware of the effects of the growing concentration and social irresponsibility of finance capital and transnational corporations generally.

The efficiency argument for financial globalization ignores distributional costs and the possible systemic disruption unregulated capital

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flows can cause, but it also denies the possibility of equitable and socially just policies. Once the neoliberal logic is accepted, all sorts of regulation (from minimum wages, the right of workers to bargain collectively instead of individually with employers, and public provision of health care) become impediments to the efficient functioning of markets. Indeed, the IFIs have forced the rollback of a host of government programs around the world. Arthur MacEwan, commenting on the enforcement of policies that hurt the working class in the name of efficiency, has written: "Considering the logic of the World Bank and IMF policy makers, one wonders how long it will be until they require that countries receiving their largesse abolish laws against slavery. Clearly such social interference with the market reduces efficiency." Either social welfare is rolled back or the privileges of finance capital need to be restricted. Social control of capital is necessary for the greater freedom and well-being of working people.

Concretely, it is possible to envision capital controls. The argument that banks and hedge funds would simply go offshore to jurisdictions where regulation is minimal is not a strong one. If the United States said that it would not accept monetary transfers into its domestic banking system from banks and other financial institutions located in jurisdictions that do not regulate capital flows in strict fashion, these havens would quickly conform, or the footloose capital would soon leave them for zones where they were allowed access to U.S. markets. If the United States were to adopt such procedures, other nations would quickly fall into line. It is the political force needed to make governments regulate—not some natural economic one—that is relevant. Standstill provisons in loans, which would forbid creditors from pulling capital out individually until a negotiated recovery plan was in place, would remove the collective action problem which now leads to panic and uncontrolled capital flight. Changes in bankrupcty laws can be suggested, and so on. It is the unwillingness of capital to submit and the strength of the transnationals and their state allies and agents that is the issue. Again, the problems are political and not economic—if indeed we should make a separation between the two. The assertion that economic laws are binding is always an assertion of the hegemony of a certain type of economic reasoning, one with a political content.

I conclude, as I began, by asserting that in the current situation of increased globalization, the universalization of capital (a long-standing process but one which takes on specific meanings in our time), labor must have a position not simply on trade issues, organizing, and collective bargaining in the workplace, but a political position on capital controls and other legislation that would empower progressive politics by limiting the power of finance capital. Labor is being forced by history to learn to think in systemic terms. If it succeeds in doing so, it will be returning to its more radical traditions as well.

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THE PUBLIC SECTOR STRIKES IN SOUTH AFRICA: A TRIAL OF STRENGTH

by FRANCO BARCHIESI

The strikes that have recently brought more than one million teachers and public employees into the streets in South Africa—culminating in a one-day strike on August 25, in which six hundred thousand public workers downed tools nationwide—have been brewing for the past few months.

The restructuring of the public sector has been at the center of a heated debate inside the ruling Alliance led by the African National Congress, in coalition with the 1.8 million-strong union federation (COSATU), and the South African Communist Party. Two issues in particular have polarized opinion on the future of public employees: the reduction in personnel employed in social services and state-owned enterprises, and the constraints imposed by the government on wage increases for public servants.

The conflict over wages brought about the latest standoff between the government and twelve public sector unions from a broad ideological spectrum, including powerful COSATU affiliates such as the state employees organization (NEHAWU), and the teachers' union (SADTU). The strikes were sparked by the government's firm resolve to implement unilaterally its final offer of a 6.3 percent wage increase (7 percent for teachers), following the collapse of negotiations with

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the unions, which demanded an above-inflation increase of 7.3 percent (slightly more for teachers).

In a defiant and confident mood—and directing his challenge particularly at Public Service Minister Geraldine Fraser-Moleketi—COSATU's newly elected General Secretary, Zwelinzima Vavi, said that workers were "prepared for months and months" of confrontation, which COSATU president Willie Madisha called "too ghastly to contemplate." But since then, the unions have suspended decision on further strike action, while the government has offered to resume negotiations after the strikes, without any signal of a fundamental change in its bargaining strategy.

As this article goes to press, there is a deadlock on the wages issue, and meetings between COSATU and the government have been adjourned indefinitely. It is not at all clear that the confrontation will continue or resume—this time. But the issues that brought so many workers out into the streets are still there, and they point to deeper fissures in South African society that may yet transform the political landscape.

Issues and Contexts

The socioeconomic issues that led to the strike, in a context of escalating industrial conflict in both the public and the private sectors, are much deeper and more complex than small percentage differences over wage increases. The "budget constraints" behind the government's negotiating stance are part of the ANC's macroeconomic program—the Growth, Employment, and Redistribution strategy (GEAR)—which calls for tight limitations on budget deficits, increasing privatization, and public spending cuts for the sake of "fiscal discipline." The market-driven approach to growth enforced by the government has already led to the widespread privatization of public utilities. This has been followed by the announcement of massive retrenchments (the biggest being the twenty-seven thousand workers to be laid off by the transport corporation, Transnet), which have sparked industrial conflict in the last few weeks, such as the dispute in the telephone utility, Telkom.

Unions have accused the government of unilateral implementation of privatization policies. This violates a National Framework Agreement signed in 1996, requiring compulsory negotiations with workers' organizations in such cases. At the same time, workers' insecurity is being aggravated by the government's repeated statements about the need to reduce drastically the size of an allegedly "bloated" public sector. Fraser-Moleketi recently announced the government's intention to retrench at least fifty thousand public servants by the end of the year. This move is facilitated by the expiry of the "sunset clauses" which, as part of the transitional democratic dispensation, had prevented retrenchments in state structures inherited from the old

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apartheid government. Finally, the government's wage offer in the public sector dispute was derived from a Medium Term Expenditure Framework adopted at the beginning of the year, following GEAR's recommendations and without consultation with the unions.

But the reduction of the public sector isn't just a simple matter of numbers. It has far-reaching implications in a country that remains one of the most unequal in the world, with an enormous backlog in the delivery of social services and infrastructures, and where government is substantially reducing its commitments, in favor of a private sector whose intervention has so far not substantially reduced existing levels of poverty and social exclusion.

Nor is the government justified in presenting public sector workers as a relatively "privileged" layer of society, expected to make increasing sacrifices in order to help poor, unemployed, and marginalized people. The current dispute is highlighting the dramatic impoverishment of the formally employed working class in South Africa and the decline of waged workers' living standards. As employed workers must support increasing numbers of unemployed family members, the situation is likely to get worse.

While the government claims that basic pay increases have been responsible for a significant rise in government spending, the public employees' union (NEHAWU) blames increases in pay and benefits for management. In the South African government itself, for instance, a Minister's remuneration is now fifteen times higher than that of an average public servant, while the proposed increase is twenty times higher.

For COSATU, the current strike is not just about the figures of a wage increase. It involves issues of principle having to do with the wage gaps that are legacies of apartheid, and the struggle for a "living wage" for workers—a wage that could meet the rising costs of basic necessities and services in a society that is becoming more and more commodified.

Rising costs are caused, above all, by the privatization of services, in particular water and electricity, implemented mostly at the municipal level. In urban areas, water and electricity bills alone can average five to six hundred *rand* a month, while the average monthly wage of a public servant is three thousand *rand* and that of an office assistant fifteen hundred *rand*. Moreover, residents in many townships are facing thousands of *rand* of arrears in fees and rents, as the new government is demanding payment, often coercively, for debts inherited from the era of anti-apartheid boycotts.

The public sector strikes represent a decisive trial of strength for the government as it introduces increasing wage and employment flexibility in accordance with its neoliberal policies. While labor market flexibility is a major component in GEAR's recommendations, success for the government in its conflict with public workers could send an important signal to the private sector, which has long been advocating wage flexibility and a reduction in workers' rights and protections as

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a means to attract foreign and domestic investment.

The government of President Thabo Mbeki, who has abstained from intervening in the public sector dispute, has called on the unions to restrain their claims and their militancy. The ANC's chairman, "Terror" Lekota, accused the unions of "lack of revolutionary discipline" at the recent Congress of COSATU. The unions are now demanding a fundamental reassessment of policymaking mechanisms inside the Alliance, arguing for formal structures in which all three partners would have an equal say in the decision of fundamental policy orientations. But that proposal has been met with hostility inside the ANC.

A Changing Political Landscape?

Up to now, workers have been remarkably patient with the government and willing to accept that major social changes can't happen overnight. But the strikes have taken place in the context of persistent, and in some ways even increasing, deprivation and marginalization in South African society. The ruling party has looked for purely market-driven solutions to South Africa's deep social problems, the legacies of apartheid. But the effect of the growing commodification of life has been to create new layers of poverty among formally employed workers, many of whom are now hardly better off than the masses of unemployed or workers in the informal sector.

At the same time, the costs of services are rising, and there is a lack of social security systems that provide more than elementary and short-term safety nets. The government was elected the first time on a platform that promised great improvements in the supply of basic necessities such as housing and health care, but that promise has been subordinated to the philosophy of privatization. The state confines its role to guaranteeing a recovery of costs to private providers. In the case of poor urban and rural communities, this often leads to declining levels of service.

Massive retrenchments in public services, manufacturing, and mining companies, restructuring, downsizing, outsourcing, and subcontracting are rapidly transforming employment into casual, contract, and short-term work. Even if workers get larger cash payments, they are substantially deprived of medical and pension benefits. The result is the increasing commodification of life.

The ANC has looked to the market for answers to the legacy of social exclusion in the new democratic South Africa. Its conception of social inclusion, or social citizenship, depends on competitiveness and private self-promotion in the market. In other words, the objective is to let the capitalist market have its way but to balance the "demographic composition of capital." A crucial factor here is the government's emphasis on the transformation of the business landscape by means of affirmative action measures and policies of employment equity. These strategies have allowed historically "white" corpora-

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tions, many of which were deeply involved in the apartheid regime, to gain government recognition and a new legitimacy, often invaluable in their economic and financial expansion on a continental scale.

The government's efforts to change the racial balance of capital has certainly encouraged the rise of a new bourgeoisie, but its strategies have promoted a pattern of economic development that is unlikely to help the majority. The financial sector is the only one that is really expanding in the South African economy. According to a recent report by the Standard Bank Economic Division, this sector now absorbs 20 percent of GDP, projected to 30 percent by 2010. Such phenomenal growth, largely the result of capital flight and listing on overseas stock exchanges, starkly contrasts with the current stagnation of manufacturing, agriculture, and mining.

While the new bourgeoisie has profited, this pattern of development is in direct opposition to inward-looking strategies of productive expansion and employment creation that might benefit the working class. The new bourgeoisie is supposed to have an ideological effect on the rest of the population by providing examples of "economic empowerment" for the poor. But only a tiny minority of the marginalized population is likely to benefit in any significant way from these new patterns of "democratized" capitalism.

The new South African regime was expected to transform the country's long history of social exclusion, but it is now facing a double contradiction in its strategies to achieve inclusion. First, its stated aims of "employment creation" are being translated into practice in an increasingly deregulated environment. Even if the number of employed workers was increasing, many of them would be downgraded to socioeconomic levels of absolute poverty. Second, the government's view of social citizenship as a matter of individual success in the market, with access to basic services completely commodified, is likely to deepen social inequalities both in absolute and relative terms. Having replaced the apartheid politics of race, the economic forces of the market and of class are creating their own pattern of social exclusion and division.

The strikes by public sector workers have highlighted, once again, the need for alternative approaches to social citizenship in a democratic society, in opposition to the hyper-commodified, market-based strategies of the neoliberal developmental model. In the absence of alternatives, it is possible that, in a showdown between the government and COSATU, the workers' militancy may be directed at the ruling party itself. Until now, the ANC has been exempted from the unions' criticism, and the working class vote was decisive in giving the party its landslide 67 percent majority in this year's elections. But if the current confrontation deepens, it could have significant consequences for the future balance of power inside the Alliance and profound effects on the whole landscape of South African politics.

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IF IT'S SO IMPORTANT, WHY WON'T THEY PAY FOR IT?: PUBLIC HIGHER EDUCATION AT THE TURN OF THE CENTURY

by MARILYN KLEINBERG NEIMARK

> *"I have something to say to every family listening tonight. Your children can go on to college . . . we can make college as universal in the 21st century as high school is today."—President William Jefferson Clinton, State of the Union Address, January 27, 1998*

The Fiscal Crisis: Manufacturing a Consensus

Contemporary discourse on education appears to be contradictory. On the one hand, in rhetoric that has become familiar to the point of cliché, we are told that higher education is the key to the nation's (and the individual's) success in what *The Economist* calls today's "highskillshighwageeconomy." As in the past,more education is being presented as the solution to pressing social and economic problems in the United States. Most recently, the RAND Institute's 1997 Report, *The Fiscal Crisis of Higher Education*, prescribed this remedy for the widening disparities in earnings among Americans:

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> We believe that the growing gap between the rich and the poor is one of the greatest threats to America's social order. At the heart of this problem is the profound change that has taken place in the level of knowledge and skill required to be a productive worker in today's economy. Improving the education and training of all Americans is, in our view, the only way to combat this threat and reduce the growing divide.

On the other hand, a popular backlash against academia is also underway. According to a spate of books and reports in the mainstream media, the institutions to which Americans are being urged to head—the public colleges and universities at which, according to the U.S. Department of Education, 78 percent of all students and 81 percent of all undergraduates enroll—are elitist, too expensive, inefficient, and managerially dysfunctional, their curriculum actually harmful, their faculty social parasites, and their admissions standards and performance criteria too lax. They are, in a phrase, in need of radical restructuring. In the stark demands of the RAND Report, higher education is being asked to "put itself through the same sort of streamlining and reengineering the business community has implemented to reduce costs and improve services."

The so-called fiscal crisis of higher education is largely a consequence of people taking both messages seriously. Scholars and activists who wish to preserve—and, one would hope, improve—public higher education must understand the fallacies of these messages and the relationship between them. To strategize against the corporate-like restructuring of education and to develop arguments in favor of a meaningful curriculum and acceptable working conditions for university employees, it's necessary to recognize how RAND and its allies exploit both the promise of education and an attack on the university's "liberalism" to push a conservative, corporate agenda. That means becoming conversant with the economic justifications RAND and others offer, and with the limitations—if not downright disingenuousness—of those justifications. Whether working to strengthen university unions, defend student access, or open up full-time jobs again, scholars and activists must comprehend how commercial interests frame the university in particular economic terms. These interests are not actually describing a mainstream consensus on higher education, they are manufacturing one. University activism cannot hope to succeed unless it can intervene in this rhetorical and ideological campaign. This essay aims to explain how that economic frame is constructed around the university, and how the naturalized language of market forces is used to encourage more people than ever to seek salvation in a university degree while simultaneously encouraging them to disparage cherished principles of liberal arts education.

The record number of U.S. students flocking to colleges and uni-

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versities has been increasing the financial pressures on these institutions at the same time that the public purse strings supporting them are being pulled tighter and tighter. Stagnating revenues tell only part of the story of the fiscal crisis, of course. Another factor is that higher education's costs have been escalating—increasing more rapidly than the consumer price index, the most widely used measure of the overall rate of inflation. The effects of rising costs and stagnating revenues are evident to anyone involved in public higher education: rising tuition, reduced course offerings and packed classrooms, fewer counselors and librarians, dramatically increased ratios of part-time faculty to full-time faculty, heavier teaching loads along with less time to do non-sponsored research, more pressure to raise outside funding, and disappearing support services and intellectual resources. Some students are so exhausted from trying to combine employment with full course loads (often required to retain financial aid) that they have difficulty staying awake in class, not to mention finding the time they need to keep up with reading, prepare assignments, or participate in the sorts of on-campus activities that enrich educational life.

The RAND Report exemplifies (as it constructs) an emerging mainstream consensus on who is responsible for this fiscal crisis and what should be done about it. RAND places responsibility for the fiscal crisis on the federal government (which favors entitlements such as Social Security and Medicaid, and interest on the national debt, over education), on state and local governments (which spend more on health and welfare programs and prisons than on higher education), and on educational institutions themselves (which allow their costs to grow more rapidly than inflation). But while acknowledging that government and higher education each bear some responsibility for creating the crisis, RAND makes the now-familiar argument that educational institutions must act first if the crisis is to be resolved:

> Like the health care industry, the higher education sector must systematically address issues of cost, productivity, efficiency, and effectiveness as a prerequisite for increases in public sector investments. Indeed, if the higher education sector is to get a sympathetic ear from legislators, it needs strong advocacy from the business community, an ally it is unlikely to win unless it has put itself through the same sort of streamlining and reengineering that the business community has implemented to reduce costs and improve service.

The choice of the health care sector as a model is provocative. First, because the solution to rising health care costs has been further privatization. Second, because not only are health care costs still increasing, but so too is the proportion of Americans without health coverage. And finally because, according to media reports and surveys, many people are dissatisfied with the new healthcare regime, particularly the HMOs, and fear that their bottom-line mentality is eroding the quality of health care.

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What specifically must higher education do to garner legislative and business support? According to RAND, it must dismantle existing governance structures, pursue greater mission differentiation (with sharp distinctions among community colleges, state university colleges, independent colleges, and research universities), take advantage of Internet-based technology to share resources and pool courses and instructors, jointly outsource services, combine physical plants, and place library resources on the Internet. RAND even proposes eliminating "the traditional sharp distinction between the bachelor's degree and all other non-degree categories" in favor of "the attainment of more specific, measurable knowledge sets . . . ". These measures, if adopted by public colleges and universities (as has already been happening) will profoundly affect faculty, staff, and students and the nature of research and curricula. Indeed, the basic values, practices, mission, and ethos of higher education are at stake. Just as the budget deficits of the Reagan and Bush years provided the motivation for cutting back on a range of federal, state, and local government services, and the techniques of business downsizing provided the means, so too are fiscal deficits and management means combining to restructure public higher education today.

Whether or not one agrees with RAND's analysis of the causes of the fiscal crisis—and David Noble, in this journal (February 1998) places the blame, first, on the decision of universities to prioritize research over education in the 1970s, and then on their recent attempts to solve the crisis through technology—the shortfall of revenues relative to costs has led to sharply rising tuition in a period when most family's incomes have stagnated or fallen. This combination of fiscal crisis and income constraints, RAND warns, is "a time bomb ticking under the nation's social and economic foundation." It threatens to close off access to higher education for millions of Americans, their only solution to the growing income gap and the social disorder it threatens.

For RAND, and like-minded education reformers, only by dramatically restructuring higher education can this time bomb be defused. But, in fact, rather than disabling the time bomb, their proposals will serve to enable the processes of class stratification to safely proceed. Not only will more schooling (increasingly and tellingly being referred to as "post-secondary education"), on its own, fail as a solution to widening income disparities, the proposed pathway to its achievement—the restructuring of higher education—will actually reinforce inequality. Through so-called mission-differentiation, the restructuring will both further advance the class stratification of higher education and rationalize and economize on the processes whereby workers are sorted into their "appropriate" places in the educational and employment hierarchies. The restructuring, if realized, will also re-

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move the primary obstacles to achieving this agenda—faculty governance and tenure, and an informed, critically thinking, and politically engaged student body. Thus the rhetoric of more education is not only false in its promise to close the income gap. Its underlying (if unspoken) intent is to achieve quite the opposite: to persuade American workers to accept personal responsibility for finding their places in the Darwinian food chain and thereby to accept the class status quo. By commodifying and instrumentalizing education, by effectively limiting access to the liberal arts to the privileged (after the so-called culture wars have convinced everyone else of their irrelevance), the restructuring of higher education is both solidifying class polarities and attempting to attenuate the threats they pose to the social order.

Also lurking behind both the restructuring formulas being proposed by RAND and other mainstream reformers of higher education, and the seductive language and practices of the marketplace that provide both their guiding ethos and instruments of implementation, are strategies for opening up the campus as a site for capital accumulation and as a hothouse for nurturing consumers. Although a discussion of these phenomena is beyond the scope of this essay, they are sufficiently important at least to note. They include establishing for-profit degree-granting institutions (such as the University of Phoenix); outsourcing curriculum, instruction, counseling, operations, and administration (in such areas as bookstores, food services, libraries, computer operations, plant maintenance, security, printing, and payroll); signing campus-corporate research and development partnerships and licensing agreements; and selling exclusive on-campus marketing rights to companies that sell products as varied as soft drinks, fast food, computers, and credit and telephone calling cards. The campus is becoming virtually indistinguishable from the marketplace, and both universities and their faculties are becoming entrepreneurs.

False Promises: Closing the Income Gap

That wage inequality has been increasing over the past two decades is by now well-established. So, too, is the fact that for middle- and low-wage workers real wages have, at best, stagnated and for many have actually eroded. Also widely documented is the correlation between income and education and a rising "college wage premium." Many politicians and economists have been quick to put the high skills economy spin on this data concluding, as do Anthony Carnevale and Stephen Rose in their 1998 study for the Educational Testing Service, "Education for What? The New Office Economy," that the demand for higher-skilled workers must have increased in recent decades even more rapidly than the supply. And, as does RAND in their study of higher education, attributing this increase in demand to a surge in

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service-related jobs that "require a level of knowledge and skill that, for the most part can be gained only through programs offered at colleges and universities." These conclusions echo an op-ed in the *New York Times* (July 20, 1993), by then-Labor Secretary Robert Reich, explaining that:

> The long-term crisis in advanced industrial nations reflects in part a shift in relative labor demand against less-educated workers and those doing routine tasks and toward workers with problem solving skills.

The dilemma, Reich continues, is that as employers in the United States and Britain have responded directly to "changes in labor force supply and demand ... [t]he result has been greater inequality in wages and working conditions." His solution? Domestic policies "to deal with the mismatch between the skills Americans have and the skills the economy requires." In a word, more education.

Thus it is not surprising to find that increasing numbers of Americans are choosing to stay in school longer. In 1995, in its "Educating America: An Investment in Our Future," the Council of Economic Advisors and the U.S. Department of Labor report that "American workers have more years of formal education than ever before . . . more students are finishing high school . . . more high school graduates are attending college . . . the share of the labor force with a college degree has also increased, from 16 percent in 1973 to 29 percent in 1993." And according to the Bureau of Labor Statistics "an all time high" of 65 percent of 1996 high school graduates were attending colleges or universities by the fall. What is surprising is that despite this two-decades long increase in education levels—accompanied by plummeting unemployment and continuing (if now slowing) economic growth—wage inequality continues to grow. Indeed, as workers at the top of the wage scale have pulled away from both those in the middle and those at the bottom, the upward differentials have increased and the downward differentials have decreased for those very workers—the 50 to 60 percent in the middle of the earnings range—who most likely rushed to upgrade their educational achievement from high school degree to some post-secondary education and training, if not beyond. Moreover, the much heralded college wage premium—which was said by some economists to account for a large part of the growth in income inequality in the 1980s—by 1997, according to one study in the Department of Labor's *Monthly Labor Review*, has "been flat for men and has slowed for women in the 1990s," while income inequality continues to widen. Indeed, the college wage premium may actually reflect rather than explain growing income inequality. Since those in the higher echelon of wage earners are also more likely to have college degrees, a surge in their earnings would also fuel the college wage premium without such a premium being available to everyone with a college degree. Some economists attrib-

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ute much of the increase in the differential between those in the ninetieth and those in the fiftieth percentile of earners to growth of within-group wage inequality.[1]

It seems that contrary to the mismatch that Reich bemoans, there may actually be an excess rather than a shortage of college graduates. (Assuming, of course, that one accepts the mercenary calculus that values education only in terms of how much the degree is worth in the labor market.) *Business Week* (October 6, 1997) reported a Labor Department projection that the growing supply of college grads could outstrip growth in demand by as much as 330,000 annually by 2005. According to Department of Labor economists, the percentage of college graduates who are employed in jobs that don't require a college degree grew from just over 10 percent in 1970 to 20 percent in 1990 and, if current job and education trends continue, may be as high as 30 percent for college graduates who enter the work force from 1990 to 2005. In its 1998-1999 *Occupational Outlook Handbook*, the Bureau of Labor Statistics projects that 26.48 percent of the net new jobs that will be created through 2006—in the thirty occupations expected to grow fastest and the thirty occupations expected to provide the highest number of jobs—will require a bachelor's degree or higher. Another 7.55 percent will require an Associates degree or other post-secondary vocational training. The balance, 65.97 percent, will require short-term on-the-job training (51.23 percent), moderate-term on-the-job training (5.37 percent), long-term on-the-job training (2.66 percent) or work experience in a related occupation (2.66 percent).[2]

But if the already higher level of post-secondary education seems to be having no discernible impact on income inequality, why do so many public figures—who surely have access to the data referred to above—persist in claiming otherwise? One possibility is that they don't know what else to propose, since such obvious strategies as further increasing the minimum wage and changing rules that favor bosses in union organizing efforts and/or labor conflicts (e.g., those that allow the hiring of permanent replacements during strikes or prohibit secondary boycotts) are all politically beyond the pale. Another is that the prescription has the ring of truth to it. While upgrading the average level of post-secondary schooling may not alter the overall distribution of earnings, for an individual, further schooling offers a plausible-sounding, even effective, strategy for improving one's place on the earnings ladder. Such a strategy, moreover, is also consistent with the long-standing American ideology of individualism (or in today's terms, personal responsibility). Additional education, particularly of the vocationally oriented post-secondary variety envisioned by mainstream education reformers, also offers clear advantages to employers. The more education or training that an employee

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brings to the job, the less on-the-job training is required, particularly if the training is relatively job-specific. (Recall RAND's final recommendation regarding "specific, measurable knowledge sets.")

Thus, a *Business Week* headline shouts, "Your Local Campus: Training Ground Zero" (September 30, 1996). And the story continues, "These days community colleges are awash in corporate contracts ... Local governments see the programs as engines for business development. Employers, meanwhile, have discovered that the colleges are better at most sorts of training—and cheaper too." But even when they're not teaching under contract with a corporate sponsor, community colleges are capitalizing on the anxiety produced by the "schools aren't preparing students for the jobs of the future" rhetoric. According to Stanley Aronowitz, 77 percent of today's degrees from community colleges are terminal degrees; 23 percent of their graduates go on to four-year colleges. This ratio, he says, "is a virtual reversal of what the proportions were ten years ago." These anxious students, from recent high school graduates to adults (many of them victims of corporate downsizing), have caused enrollments at community colleges to soar. For the employers of the vast majority of the work force needing on-the-job training, these programs—some of which are degree-granting, others offered through adult extension courses—are a way to externalize what were previously the internal costs of job-specific training and screening prospective employees. Employers, writes *Business Week* in September 1997, can find plenty of eager applicants to fill well-paying jobs that do not require a college degree ("a category that, surprisingly, covers three-quarters of all jobs"); the only problem is, "employers usually must train them." But why should corporations internalize training costs on-the-job if they can impose them on public post-secondary education and their prospective employees?

And like their community college cousins, business schools are increasingly forming alliances with companies and their corporate universities to develop and deliver customized programs. I recently received the following communication from a colleague at the University of Wisconsin's Milwaukee campus. Her Dean, she writes:

> intends to raise money by making the school the midwest center for adult education, which means that we will be selling our 'products/courses' to corporations. We are already entering so called 'partnerships' to train corporate types on campus in our new high tech building that taxpayers built. Mini-courses, tailored programs to update employees on computer skills, degree programs, non-degree programs—whatever will sell. Meanwhile the Administration is increasing tuition for our regular MBA students. As our Dean explains it—'their employers pay their tuition anyway.' So much for the idea that people could pull themselves up with a business education. Soon, unless you already have an employer willing to train you, you won't be able to afford an MBA from a state university.

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But at the same time that the restructuring of higher education is erasing the boundaries that divide the campus from the market nexus, other boundaries, those between institutions and between classes, are being firmed up.

Firming Up Interinstitutional and Class Boundaries

The prototype for interinstitutional differentiation is the University of California's Master Plan for Higher Education, developed in 1959 and 1960 under the guidance of then-UCAL President Clark Kerr.[3] Facing a wave of post-war baby boomers and immigrants, then largely from other states, Kerr feared that without mass- and universal-access higher education "the University was going to be either overwhelmed by large numbers of students with lower academic attainments or attacked as trying to hold onto a monopoly over entry into higher status." The Master Plan was designed to preserve the elite sector, indeed to "make it possible for the elite sector to become more elite." The idea was to create a system of higher education that would both "help identify new talent for transfer into the elite sector" and "create a base for social gradations in a democracy that reduce the sharp distinctions (and potential resentments) between the educated classes and the uneducated masses, and that help to soften class distinctions and class antagonisms." Under the Master Plan, the different segments of the system (the University of California, the state colleges, and the community colleges) were each assigned differentiated functions, admissions criteria, and research goals.

Over the ensuing decades, however, the clear institutional demarcation envisioned in the California Master Plan began to erode, and not only in California. According to RAND, community colleges attempted to become four-year degree-granting institutions, state universities to become research centers, and research universities to offer remedial instruction. The RAND Report proposes to roll back this so-called "mission creep": "If higher education institutions and systems focus on their points of comparative advantage within the overall ecology of higher education, both productivity and improved quality will result." The class-stratifying implications of RAND's specific recommendations for achieving greater mission differentiation become evident, as demonstrated in the following chart, when they are juxtaposed against Kerr's proposals for "A Twenty-First Century Convergence Model of Higher Education" in which each level of interinstitutional differentiation corresponds to one of three levels of training, each of which is associated with a different type of work, labor market, and basis for student access. The liberal arts are strikingly absent from this framework for public higher education. Indeed, according to the RAND Report, it is the independent college sector that "should focus on its comparative advantage: the liberal arts undergraduate mission."

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PUBLIC HIGHER EDUCATION IN THE TWENTY-FIRST CENTURY

Institutional Category	Mission (RAND)	Training Level (Kerr)	Type of Work (Kerr)	Labor Market Focus (Kerr)	Basis for Access (Kerr)
Major research universities	Research & Graduate Education	High knowledge and changing knowledge	Work on their own, to supervise others (as do doctors, lawyers, scientists & administrative leaders), to develop & incorporate new knowledge	National and international	Individual merit
State undergraduate institutions	Teacher training & regional economic development	Established occupational competence	Work under general supervision (e.g., production engineers, schoolteachers, accountants	Regional	More broadly defined merit
Community Colleges	Workforce preparation, adult & remedial education, ESL	Codified technical skill	Work under more specific supervision, (e.g., technicians, lower-level civil servants, high-level clerks)	Local markets RAND encourages partnerships w/ employers, high schools, & local gov't; school-to-work programs	Based on individual demand

Tuition increases at both private and public institutions are also changing the class profiles of many of these institutions, reinforcing divisions already being made sharper by the growing income gap and stagnating incomes discussed above, by cuts in federal and state financial aid, and by the recent retreat from affirmative action. In recent years, the proportion of students from more affluent families attending public universities has been rising, a process that Russell Jacoby refers to as both the gentrification and restratification of higher education: "Even as they become more diverse, the elite public universities are becoming economically more homogenous." And the public universities they've been choosing are the flagship institutions: the University of Michigan at Ann Arbor, the University of Texas at Austin, the University of California at Berkeley, and so on. Because college entrance exam scores are highly correlated with income, these more affluent students are squeezing out the "'middle' middle class, once the backbone of these universities."

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Some of the students squeezed out of the elite public campuses are finding their way to second-tier public institutions, such as the California State system, which are experiencing a parallel "richening" of their student bodies. The downward cascade continues through the community colleges so that, as Morton Shapiro points out in the *New York Times* (June 21, 1998): "The poor are increasingly restricted to community colleges, even being squeezed out of four-year public institutions."[4]

Although in this essay I've been primarily concerned with the role of the fiscal crisis in the restructuring of public higher education, I want to focus briefly on the part played in the process by the culture wars. On the one hand, despite the heat generated on both sides of the struggle over the content, indeed the existence, of a literary canon, the culture wars have had virtually no bearing upon what is actually being taught in most institutions of higher education: "The curriculum of students at elite colleges"—the target of the culture wars' critics—"is so different from that followed by the other 97 percent that it is irrelevant to discussions," writes Russell Jacoby. On the other hand, what the culture wars did accomplish was to distract many left intellectuals while it further devalued the liberal arts in the minds of the great majority of students (and their families) who are destined to occupy places in vocationally focused post-secondary education. As William Gibbs, previously a manager with Price Waterhouse and the former President of the for-profit University of Phoenix, told James Traub in the *New Yorker* (October 20 and 27, 1997): "The people who are our students don't want an education. They want what the education provides for them—better jobs, moving up in their careers, the ability to speak up in meetings. That kind of stuff."

So it should come as no surprise that the future of the liberal arts has gone virtually unmentioned in the entire discussion of the fate of public higher education. Indeed, pushed along by two decades of budgetary and ideological assault (the culture wars), today's restructuring represents but the final stages of a redesign that will preclude the liberal arts—with their possibilities for cultural enrichment and informed, critical engagement in public life—as a viable course of study for the vast majority of Americans. Twenty-three years ago, the conveners of a Trilateral Commission meeting in Kyoto, Japan, formulated the question of "what for, a college education?" in terms of the following alternatives:

> Should college education be provided generally because of its contribution to the overall cultural level of the populace and its possible relation to the constructive discharge of the responsibilities of citizenship? If this question is answered in the affirmative, a program is then necessary to lower the job expectations of those who receive a college education. If the question is answered in the negative, then higher educational institutions should be induced to redesign their pro-

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grams so as to be geared to the patterns of economic development and future job opportunities.[5] As we look at the state of public higher education today—the increasing class stratification and vocationalization, the virtual termination of access for the vast majority to the liberal arts in any but the most superficial senses, the intellectual and material hegemony of free market economics and the folklore of capitalism—we see that the answer to the Trilateral Commission's question has been a resounding negative.

The restructuring of higher education is not only solidifying the class status quo and opening up public higher education to the forces of commodification, proletarianization, and capital accumulation, it is depriving the American polity of the sort of critically thinking, politically engaged citizenry essential for truly participatory democracy. And democratic structures, in the absence of educated, involved citizens are, at best, likely to end up dominated by more or less tightly coupled oligarchies and/or by demagogues.

NOTES

1. Daniel Hecker, "College Graduates in High School Jobs: A Commentary," *Monthly Labor Review,* December 1995; Jared Bernstein and Lawrence Mishel, "Has Wage Inequality Stopped Growing?," *Monthly Labor Review,* December 1997; Lawrence Mishel, Jared Bernstein, and John Schmidt, "Finally: Real Wage Gains," *Economic Policy Institute,* Brief #127, July 17, 1998.
2. The projections account for slightly over ten million jobs, about 58 percent of the total new jobs projected. Of the jobs requiring a bachelor's degree or higher, 56.82 percent are projected to be in data processing, which includes the three occupations projected to be the fastest growing. In addition to new jobs, almost three times as many openings are projected for replacement workers. Replacement needs are greatest, the Labor Department points out, in occupations with low pay and status and low training requirements.
3. Clark Kerr, *Higher Education Cannot Escape History: Issues for the Twenty-First Century* (Albany: SUNY Press, 1994).
4. Russell Jacoby, *Dogmatic Wisdom: How the Culture Wars Divert Education and Distract America* (New York: Anchor Books, Doubleday, 1994); Ethan Bronner, "College Efforts to Lure the Best Set Others Back: Fewer Scholarships Are Based on Need for Aid," *New York Times,* June 21, 1998.
5. Michel Crozier, Samuel H. Huntington and Joji Watanuki, "The Crisis of Democracy: Report on the Governability of Democracies to the Trilateral Commission" (New York: New York University Press, 1975).

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CLASS FORMATION, CAPITAL ACCUMULATION, AND THE DOWNSIZING OF AMERICA

by ANDY MERRIFIELD

A lot has been written, and doubtless will continue to get written, about how Marx's ideas of class polarization and worker immiseration are quaint relics of a bygone age, now irrelevant for comprehending the complexities of late twentieth century "postindustrial" America. At first glance, this skepticism isn't entirely surprising. Several years back, for example, the *New York Times* ran a series of seven special articles called "The Downsizing of America" (March 3-9, 1996). The first report catalogued the "casualties" on the "battlefields of business:" "More than 43 million jobs have been erased in the United States since 1979 ... Nearly three-quarters of all households have had a close encounter with layoffs since 1980 ... While permanent layoffs have been symptomatic of most recessions, now they are occurring in the same large numbers even during an economic recovery that has lasted five years and even at companies that are doing well."[1]

Yet there's an odd twist to this tale, and it's here that things *appear* to get decoupled from Marx's "general law of capitalist accumulation"—which suggests that unemployment isn't somehow aberrant to capitalism, but instead performs a vital function in its normal workings. For this litany of horrors, the report goes on to say, isn't about "rampant unemployment" at all. Rather, it's more about an "emerging

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redefinition of employment." Apparently, there's also been "a net increase of 27 million jobs since 1979, enough to easily absorb all the laid-off workers, plus new people beginning careers, and the national unemployment rate is low."[2] Three years on, this trend persists: the U.S. unemployment rate, as of March 1999, dropped to 4.2 percent, a thirty-year low, nudging below Japan for the first time in memory. Meanwhile, economists, corporate bosses, and politicians, and Federal Reserve chairman Alan Greenspan, continue to pat themselves on the back for engineering the latest boom, which "steams on after 8 years" and "shows no signs of flagging."[3] The American economy, for example, expanded at a 4.5 percent annual rate during the first quarter of 1999, perking up after a twenty-five year snooze; consumers, taking advantage of easy credit, are now spending merrily; inflation is tamed; and the stock market has just soared to a dizzy 11,000 (plus) height. To cap it all, America's jobs bonanza has "turned into a powerful tide that is lifting boats that once seemed permanently mired in poverty and unemployment."[4]

Class Formation, Capital Accumulation, and Class War

Not surprisingly, exaltations about the upturn in the business cycle and an "emerging redefinition of employment" exhibit characteristic bourgeois complacency, to say nothing of wishful thinking and outright deceit. Furthermore, Marx—formerly at least—saw it all coming and, with a little tweaking and imaginative reworking, he can tell us much about the content of the latest economic conjuncture as well. To begin with, it ought to be remembered that Marx deliberately gave us no sociological definition of class nor any theory of social stratification. Instead, he posited class as a *process*, and his reasoning here still retains tremendous analytical power. Indeed, for Marx, the working class is a "personification" of labor-power, who, "economically speaking, [is] nothing other than 'wage-laborer.'" In other words, the working class are people "who produce and valorize 'capital,' and are thrown onto the street as soon as they become superfluous to the need for valorization possessed by 'Monsieur Capital.'"[5] They're people, for instance, who comprise many different kinds of worker, engaged in different kinds of activities, who wear many hats and dress in different clothes. So whether one wears a suit or an overall or is educated or uneducated, or lives in a pretty suburban house or in a squalid inner-city tenement, it doesn't annul the fact that one had to labor in some way to earn a living. Everybody, quips Marx, "who lives only so long as they find work, and who finds work only so long as their labor increases capital," is a member of this class. Those "who must sell themselves piecemeal, are a commodity, like every other article of commerce, and are consequently exposed to all the vicissitudes of competition, to all the fluctuations of the market," know

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what being a personification of labor-power really means.[6]

Here, of course, one's class definition hinges upon one's relationship to the *process of the accumulation of capital.* Marx puts a lot of emphasis on this process and his prose soars when he talks about it. He's clearly mesmerized by its prodigious power, bursting through every historical and geographical restriction as it does, conquering the world of social wealth, creating a whole new array of use values en route. Yet, at the same time, Marx is appalled by the ruthless force the process unleashes, by the horrors capital accumulation inflicts upon the human race, and the robbery committed in its name. Soon, too, it takes on a dynamic of its own, goes beyond the control of any single capitalist. After a while, the enviable freedom of the capitalist gets transformed into a die-hard necessity, an infamous historical mission: "Accumulation for accumulation's sake, production for production's sake."[7]

The drive to accumulate dramatically pits capitalist against capitalist, capitalist against worker, worker against worker. Accumulation thereby fuels competition, and competition, says Marx, "subordinates every individual capitalist to the immanent laws of capitalist production, as external and coercive laws."[8] So, as capitalists strive to accumulate, as their actions become mere functions of capital, they inevitably clash with other capitalists hoping to do likewise. What erupts is a fratricidal war. Soon different "fractions" of capital jostle with their respective corporate or sectoral peers in a treacherous zero-sum accumulation mania. Accumulation is the centrifugal force of "capital in general." But the positionality of each individual capitalist within this process, like that of the working class's, varies and changes over time, subject to the pace and trajectory of competition. Competition hastens a splintering of capital, as it does for labor, compounding it into many aliquot parts. Thus, the formation and intensification of class structure manifests itself as an paradoxical obliteration of class structure.

Before long, the hullabaloo of accumulation is "supplemented" by concentration and centralization,[9] by big capitalist fishes gobbling up little fishes and sharks champing on the big fishes. According to Marx, this enhances the scale of operations, accelerates the overall effects of accumulation, but in uneven ways, for capital and labor alike. Trouble and strife brood. For, on the one hand, competition and the obligatory development of a credit system become powerful levers of centralization—of the formation of joint stock companies, trusts, conglomerates, multinational companies, financial institutions—and of expanded accumulation; on the other hand, however, the "organic and technical composition of capital"—the ratio of dead to living labor, of machines to people, of constant to variable capital—gradually starts to creep upwards, diminishing the relative demand for

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labor, affecting profit rates detrimentally.

Before long, the system produces a new breed of species: Marx calls them "a new financial aristocracy, a new variety of parasites in the shape of promoters, speculators and nominal directors, a whole system of swindling and cheating by means of corporation promotion, stock issuance, and stock speculation."[10] Nowadays, we know that financial fractions of capital have positionalities very different to that of productive capital within the overall accumulation process. The former play a limited enabling role for valorization: stock exchanges are really billion dollar markets for speculation on already existing stocks and shares. Little of their activity actually raises money for new productive investment. While businesses can generate money by selling stocks and shares, relinquishing part of the company to shareholders, profits accruing rarely get recycled into future investment. Invariably, they're doled out as dividends. Indeed, the responsibility of any CEO is unequivocally to make the shareholder as much money as possible, preferably as fast as possible.

Back in 1995, when the Dow broke through five thousand, and in 1997, when it hit eight thousand, a lot of pundits believed the stock market overvalued. Now, as it has hovered above eleven thousand, the fictitious economy has truly become a "phantom of the imagination" and "the fountainhead of all manner of insane forms."[11] According to the usual bourgeois suspects, this amazing market and the surging optimism reflects a combination of low inflation and steady accumulation filched from "the wave of restructuring and cost cutting that swept the economy in the late 1980s and early 1990s. That process cost millions of workers their jobs, but it made American companies the toughest and most aggressive in the world."[12]

Esteemed Wall Street bandits quickly began to reward these new lean corporations; and lean corporations duly responded in kind, rewarding Wall Street. Indeed, as the jobs disappeared, the Dow got bullish: When Sears announced that they were cutting fifty thousand jobs, its stock price climbed 4 percent; Xerox axed ten thousand jobs and its shares surged 7 percent; in April 1995, Mobil boasted that their quarterly profits were up 19 percent from last year. Next day they announced a 9 percent boost in shareholder dividends. One month afterward they said forty-seven hundred jobs had to go, 9.2 percent of its workforce. That same afternoon, Mobil's market value traded at $3.88, 4.1 percent more than the previous day.[13] Shareholders and assorted CEOs—whose salaries increasingly comprise stock options—binge on windfall gains. The latter especially grow fatter while their workforce grows fewer and leaner, working longer, harder, faster, for less pay. "Like the robber barons of old," one critic says, "the corporate overlords can in effect write their own cheques." The heads of the twenty top companies, from Disney to General Electric, now have

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combined salaries, bonuses and stock options of around two billion dollars. "These pay scandals, for that is what they are—have created a circle, a vicious circle ... What will the 20 do with their £2bn? They will largely invest the loot in equities, which will gain from the purchases. If equity prices rise further, still more chief executives will pocket and reinvest still more option wealth."[14]

Now jobs can be sacrificed so long as inflation is squeezed. The current bourgeois fixation on inflation makes perfect sense from the standpoint of vested interests. After all, inflation erodes the value of financial assets and undermines ruling class privilege. The deflationary bias of the Federal Reserve is wittingly pro-business, and its monetarist quackery ensures its pre-eminence as the executive committee for managing the common affairs of the corporate bourgeoisie. Now rising capital incomes is healthy but somehow rising labor wages is inflationary. This pretzel logic justifies real interest rates being kept at a permanently high level and regularly mobilized as an instrument in class war, pitting profits against wages. At even the slightest hint of a tight labor market—when prospective wage hikes supposedly threaten inflation—short-term interest rates have been raised, or else threatened to be raised.

But in actuality, the 1990s has been a period of very low inflation. What's happened is that wages have been suppressed to such an extent that they've been outpaced by prices, even though the latter themselves have also been falling. This apparent paradox enables the powers-that-be to use of "ruse of inflation" to lower the standard of living of the working class, expropriating their wages, reallocating them into both productive and unproductive consumption, ultimately kindling capital accumulation on an expanded scale. These are roughly the dynamics of the Clinton boom. As Marx recognizes all too well, "the rate of accumulation is the independent variable, not the dependent variable; the rate of wages is the dependent, not the independent variable."[15] The American bourgeoisie has no desire to reduce unemployment below its "natural level"; but neither are they keeping wages down through mass unemployment, through a blatant creation of a "reserve army of labor." Rather, they're engaging in a complex class war, a war of position where the accumulation process itself has increased the amount of capital in the economy at the same time as it has increased the mass of working poor. They have thus daubed a new gloss on Marx's "general law of capitalist accumulation," hastily covering its name if only to protect the guilty.

The Progressive Production of the Contingent Worker

In a very real sense, working-class wages have tumbled over the last twenty years. That as they've labored more hours with little guarantee of what tomorrow will bring. During the 1980s, wages dipped most of

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all at the lower end of the spectrum, for the production and "non-supervisory" blue-collar and service occupations, people generally without a college degree. In the 1990s, there's been more wage erosion, in both relative and absolute terms, in the middle rungs, in the white-collar middle managers and supervisors. In 1997, the average real wage for blue-collar workers was 14 percent less than in 1973, even though the efficiency shake-ups and lean drives meant average worker productivity had risen 34 percent over the same period, and 24 percent since 1979. Little wonder that AFL-CIO President-elect, John Sweeney, calls this in his aptly titled book, *America Needs A Raise*: "The Great Productivity Heist."[16] Since 1979, median hourly income of male non-supervisory employees has fallen $2.20, hurting younger workers most. And between 1973 and 1997 average hourly wage for white-collar clerical staff fell from $14.58 to $12.82, after adjusting for inflation.[17]

In its embryonic phase, during the late 1970s and early 1980s, the downsizing phenomenon hit factory, mine and construction workers in the beleaguered Rust Belt and Oil Patch states. A decade on, the odds of receiving a pink slip shifted to both coasts, especially to California and the Northeast, and onwards to the Southwest; and to white-collar, college-educated, professional, and technical workers as well. Yet as the jobs were shed, and as the downsizing became epidemic, the arithmetic got more complicated. The total number of those employed in non-agricultural labor somehow burgeoned from ninety million in 1979 to 117 million in 1995, despite the elimination of forty-three million jobs. Miraculously, most of those laid-off have seemingly found new work, but with a cruel twist, torqued by the independent variable of capital accumulation. U.S. Labor Department figures now indicate that only about 35 percent of displaced full-time workers end up in equally paying employment.[18] Being downsized here is the American dream itself, begetting "the most acute job insecurity since the Depression ... an unrelenting angst that is shattering people's notion of work and self and the very promise of tomorrow."[19]

Evidently, technical and white-collar workers retain their privilege and specialized status only insofar as they fulfil the needs of capital. But this is a rather precarious privilege: vital at a certain stage of the business cycle, disposable and superfluous at another stage: "The bourgeoisie," Marx reminds us, in case we ever forgot, "has stripped of its halo every occupation hitherto honored and looked up to with reverent awe. It has converted the physician, the lawyer, the priest, the poet, the man of science, into its paid wage-laborers."[20] The destiny of the middle stratum, like that of its blue-collar counterpart, is thus conditioned by the vicissitudes in the demand for that particular kind of labor-power and "their specialized skill is rendered worthless by

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new methods of production. Thus the proletariat is recruited from all classes of the population."[21]

In the United States throughout the 1990s, an intermediate stratum, the fabled middle-classes, is being rapidly absorbed into an ever-expanding mass of "working class" employment, and its erstwhile badge of honor now reads "position abolished." "White-collar, middle-class workers," says the *New York Times*' special survey (March 3, 1996), "are coming to understand first hand the chronic insecurity on which the working class and the poor are experts ... Imagine the downsized posed shoulder to shoulder for an annual portrait, some sort of dysfunctional graduation picture. Mostly young, male, blue-collar workers dominated the glossies of the 1980s. Now, white-collar people stare out from every row. Many more of them are women and those whose hair flashes gray. Instead of factory clothes, far more wear adornment appropriate for carpeted offices." Meanwhile, those at the lower end of the employment ladder slip downwards, further into the mire, while still more sink ever deeper into the lazarus-layers of pauperism.

Mishel, Bernstein, and Schmitt suggest that "[g]iven that the unemployment rate is relatively low, we should probably look elsewhere for the source of workers' insecurity." "One of the prime suspects," they go on to say, "is the increasingly 'contingent' nature of much work available in the 1990s. Almost 30 percent of workers in 1997 were employed in situations that were *not* regular full-time jobs."[22] Here contingent work is synonymous with "non-standard" work. The euphemism ranges widely: from laborers recruited by the day and those hired by or working for temporary agencies, to independent contracting and other self- and part-time employment arrangements. Nowadays, many so-called "involuntarily displaced" full-timers haven't been able to find alternative full-time work; and their pay and hours and security has suffered for it.

Between 1981 and 1995, the average decline in hourly wages for workers who went from full-time to part-time was 14.2 percent. And with lower wages and fewer hours, workers need more than one job to make ends meet. But even then it's a struggle. Multiple job holding directly reflects the trimming of hourly wage levels. Nevertheless, it equally spells *more work*. According to Mishel, et al., multiple job holders, on average, work a lot more than the standard forty-hour week. Often they exceed fifty hours; 60 percent of men did so and around 40 percent of women, eating into precious family and leisure time, generally adding to domestic and personal stresses. And to add further insult to injury, gone too for many is their health coverage: "Of those workers who had health benefits on the job they lost, 28.7 percent had no employer-provided health benefits on their new job."[23]

Marx reckons that "the absolute general law of capitalist accumulation" is "modified in its working by many circumstances." Whatever

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the case, though, Marx is convinced that it "follows therefore that in proportion as capital accumulates, the situation of the worker, be their payment high or low, must grow worse." In the present-day context, the plight of the contingent worker now boils down to the plight of the subemployed worker, whose swelling numbers represent a immense reservoir of highly exploitable and flexible labor-power. All of them assume the status of a relative surplus population modified in its working by the circumstances of contemporary American capitalism. This relative surplus population exists in a lot of different forms. "Every worker," says Marx, "belongs to it during the time when they are only partially employed or wholly unemployed."[25] Moreover, "every branch of industry attracts each year a new stream of workers, who furnish a contingent from which to fill up vacancies, and to draw a supply for expansion."[26]

Marx views the general movement of wages as exclusively regulated by the expansion and contraction of the relative surplus population. Wages aren't, he insists, "determined by the variations of the absolute numbers of the working population, but by the varying proportions in which the working class is divided into an active army and reserve army, by the increase or diminution in the relative amount of surplus population, by the extent to which it is alternately absorbed and set free."[27] Indeed, he acknowledges that sometimes wages might rise if demands for labor rise. Then, wages can conceivably keep on rising so long as they don't impinge upon the advancing expansion of capital. Something resembling this actually occurred during the boom of the 1950s and 1960s when real wages for workers did in fact rise.

And yet, for Marx, the more usual rule is that "the mechanism of capitalist production takes care that the absolute increase of capital is not accompanied by a corresponding rise in the general demand for labor." "Capital," Marx recognizes, does something more innovative and more dialectical instead; it "acts on both sides at once:"

> If its accumulation on the one hand increases the demand for labor, it increases on the other the supply of workers by 'setting them free,' while at the same time the pressure of the unemployed compels those who are employed to furnish more labor, and therefore makes the supply of labor to a certain extent independent of the supply of workers. The movement of the law of supply and demand for labor on this basis completes the despotism of capital.[28]

Simply put, the harder and longer they work, the more alien wealth they produce, and the more the productivity of their labor increases, "the more does the laborer's very function as a means of valorization of capital become more precarious."[29] Precariousness, to be sure, is the operative word for the relative surplus population of our day, for the contingent worker progressively produced by the valorization of capital.

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Marx originally identified three types of relative surplus population (latent, stagnant, and floating),[30] but it's only the latter two that seem appropriate for our concerns here. The stagnant form, for a start, is "part of the active labor army, but with extremely irregular employment. Hence it offers capital an inexhaustible reservoir of disposable labor-power."[31] It is characterized, according to Marx, "by a maximum of working time and a minimum of wages." With a little imagination it isn't too hard to see the downsized blue-collar worker fitting reluctantly into this stagnant category. As Marx says, the stagnant variety of surplus population is "constantly recruited from workers in large-scale industry and agriculture who have become redundant, and especially from the decaying branches of industry where handicrafts is giving way to manufacture, and manufacture to machinery."

The stagnant workforce, on the one hand, are more likely to be males repulsed from blue-collar employment and attracted to jobs—part-time and/or irregular full-time jobs—in activities such as security and custodial work, janitors, drivers, restaurant and other low-grade services. On the other hand, these men, to use Harry Braverman's words, may equally "take the form of a sloughing into the ranks of the so-called non-participants in the labor force."[32] Utter stagnation of this sort can be found up and down the streets of Torrance and Long Beach in Southern California, where 234,000 jobs have been axed in the aerospace industry since 1988: "blank windows of union halls stare out on the rubble of what used to be manufacturing plants. Middle-aged men who used to set rivets can now recite the daytime TV schedule by heart."[33] One man, Robert Muse, labored twenty-eight of his forty-seven years for Douglas Aircraft before finally being laid off in 1994. He still thinks of himself as an aircraft builder: [t]he emptiness of that image of himself has been the hardest thing to accept, harder than the loss of good money and benefits, harder than the fact that he now rides around town in a sixteen-year-old Datsun with no spare in the trunk." "'It is personal,' he says. 'It's like the company telling you that you're no damn good.'"[34]

The condition of the floating relative surplus population, meanwhile, comprises a similar dialectic of repulsion and attraction; and likewise their circumstances are wholly unstable, wholly uncertain. But these workers are destined to move about or "float" more regularly between irregular jobs. The only thing that's regular here, of course, is the irregularity of their work. It is these people who represent the huge pool of underemployed and subemployed workers. They're much more likely to be part-time, on-call, self-employed or temporary and, significantly, workfare recruits; and it is they who succeed in making the official unemployment statistics look so rosy. They're absorbed in the ever-expanding "personnel services industry," whose ranks have mushroomed from around 247,000 in 1973 to

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almost three million in 1997;[35] or else they'll find themselves doing temporary help jobs, which has increased a lot since 1982, doubling between then and 1989 and doubling again between 1989 and 1997, to reach a tidy sum of 2.6 million.

In fact, under the broadest definition of contingent work,[36] the Bureau of Labor Statistics (BLS) reckons there were 5.6 million irregularly employed workers in the United States in 1997, almost 5 percent of the population, dipping slightly from six million in 1995.[37] The ranks of the floating contingent worker, furthermore, are more apt to comprise greater proportions of women. Mishel, et al., suggest that women are three times as likely to hold regular and irregular part-time work as men.[38] These women make up about a fifth of the overall female workforce, earning, on average, 20 percent less than equivalent women employed full-time and 20 percent less than their male counterpart part-timers. Minority groups, needless to say, fared worse than their Anglo peers, and minority women worst of all. On the whole, African-Americans tend to be twice as likely to be lower-paid temps and much less likely to be self-employed; Hispanics, meanwhile, had a larger share of low-wage "on-call" work.

The hiring and discarding of the floating relative surplus population has been rendered even more ruthless and competitive by the burgeoning of temporary help agencies and contracting firms. These now co-ordinate the distribution of contingent labor-power, whose supply and demand pivots upon the to-ing and fro-ing of the business cycle and dances to the behest of cost-cutting firms. Temp agencies enable formerly displaced workers to assume a new career quite literally floating between jobs. That they do so with calculated bourgeois efficiency gives a millennium meaning to the Engelsian concept of proletarians as "free outlaws." Not only have the numbers temping grown dramatically, but the temporary help business is itself a booming concern.

For example, Manpower Inc., which hires out 767,000 substitute workers each year, is the nation's largest employer. Now a billion dollar multinational company and the largest staffing and employment agency in the world, Manpower has offices in fifty countries (twelve hundred in the United States) and places 1.6 million people "in assignments with more than 250,000 businesses worldwide annually ... providing our customers with productive workers and our employees with work." For their troubles, Manpower had revenues for the first quarter of 1999 of 2.2 billion dollars, up 16 percent, a record quarterly high, yielding a perky quarterly operating profit of 36.8 million dollars. In return, Manpower ensures its "employees receive great pay, the best benefits package in the industry, quality service training and assignments that accurately fit their skills, attitude and aptitude." Mitchell Fromstein, Manpower's CEO, says labor shortages in the booming American economy are now appearing in

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the least-skilled jobs. "Help Wanted" signs adorn every fast-food restaurant across the continent, as well as grocery stores, clothing boutiques and delis in every strip mall. "At these levels," Fromstein admits in *Time* magazine (June 22, 1998), "job experience, even the briefest exposure to hamburger flipping, is almost as sought after as a college degree in more skilled occupations."

The dearth of an appropriately compliant and skillful workforce has sparked a number of recent innovations in the composition of the floating relative surplus population. John Sullivan, an executive of the Houston-based Randalls supermarket chain, was once wondering how on earth he might staff a new grocery store in Austin. Soon he hit upon a bright idea: "take 14- and 15- year-olds, pitching the jobs to parents as a way to keep kids out of trouble while they learn the work ethic." Not to be outdone, the retailing giant Sears, Roebuck & Co. followed Sullivan's lead, but got a little too fond of the strategy for its own good. Last May, for instance, the firm agreed to pay out a measly 325 thousand dollar fine to settle child labor law violations when it allowed minors to operate dangerous machinery like forklifts, freight elevators, and paper balers. A government investigation of seventy-one Sears stores found fifteen-year-olds working more than the eighteen hours per week allowed by law. The violations involved 227 minors and occurred at forty-four stores. These desperate corporate measures apparently reflect "tight labor markets," and while the U.S. Labor Department conceded that it doesn't have exact figures on child-labor infractions, one official said violations are cropping up more regularly "precisely because of" market conditions.[39]

The General Law of U.S. Capitalist Accumulation

What's now getting played out here is a frenetic game of musical jobs, and those participating had better have a job once the music stops. But the score is inherent in capital's very movement and Marx long ago knew its real drum beat. The "first word of this adaptation," he reminds us, "is the creation of a relative surplus population." "Its last word," he adds, "is the misery of constantly expanding strata of an active army of labor, and the dead weight of pauperism."[40] This constantly expanding strata of an active army of labor, growing as it has by over 117 million during the last sixteen-odd years, incorporating the young, jettisoning the old, is nothing other the "[a]ccumulation of wealth at one pole ... at the same time accumulation of misery, the torment of labor, slavery, ignorance, brutalization and moral degradation at the opposite pole."[41] It is, in a nutshell, the lever of capitalist accumulation, a necessary product of the development of wealth, a general condition for the existence of the capitalist mode of production.

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HALTING McCARTHYISM: THE *STAMLER* CASE IN HISTORY

by PAUL BUHLE

Author's Note: Thanks go to the Harburg Foundation for making the research for this article possible, to Yolanda Hall and Arthur Kinoy for conversations, to John Mage for advice, and to Frank Wilkinson and Richard Criley of the Committee to Abolish HUAC and Repressive Legislation, for fighting the good fight all these years.

The now-forgotten *Stamler* case is a reminder of the days that followed the McCarthy era, and after its damage had been done, when the U.S. Federal Courts became a useful arena for the left. No one rang a bell to say that an era was over and the U.S. courts were open for the Bill of Rights. Instead, persistent and able lawyers, battling side by side with a renewed social (civil rights) movement, discovered that after the long night they could get things done in U.S. courts. The *Stamler* case achieved no less than a softening up of the House Committee on UnAmerican Activities (HUAC) for its congressional demise in 1974.

The Chicago left, battered by repression and persecution for nearly twenty years, found in the early 1960s a fresh way to fight back against the persecutors, and resume in new forms the political campaigns for peace and justice. By drawing upon civil libertarians and radical

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lawyers, by creating a formidable defense support among noted scientists and academics, the defenders of Dr. Jeremiah Stamler won back the right to use the First Amendment for free speech. Had they waited for the Democratic Party's liberals to take the lead, the legal victories never would have come and a HUAC might now be a toy for some of the choicer specimens in today's Congress.

The *Stamler* case begins properly with Stamler himself. Jeremiah Stamler was active in Chicago's progressive movements from the 1940s onward and, in college, was a close friend of Arthur Kinoy, who would later be his legal defender. He had also distinguished himself in the world of medicine. Beginning in the mid-1950s, he pioneered the thesis that diet, most especially manifested in the overabundance of cholesterol and salt, had raised the proportions of heart conditions and fatal heart attacks in the United States. By the late 1950s, closely aided by his wife, Rose Stamler, and his nutritionist-assistant, Yolanda Hall (a longtime Chicago progressive and wife of Spanish Civil War veteran Charles Hall), Stamler gained permission to test population groups such as the employees of Chicago's power and gas company. In 1958, as his scientific work gained worldwide recognition, Stamler was named to Chicago's Board of Health as director of the new Heart Disease Control Program.

But the United States does not often or easily honor its political veterans from the left, especially in eras of fresh social turbulence. In May 1965, a resilient House Committee on UnAmerican Activities—by no means as respectable as during the 1950s, but with hopes of reviving itself to quash the new waves of radicalism—held hearings in Chicago, demanding that Stamler and Yolanda Hall (among other Chicagoans) testify about their "red" pasts and connections. This was a signal that progressives and civil libertarians had seen coming.

Almost twenty years earlier, in 1947, screenwriters facing similar scrutiny insisted upon their right to employ the First Amendment and took their case to the Supreme Court. Three years later, after the replacement of two New Deal justices with appointees of Harry Truman, the Supreme Court refused to review the writers' convictions and the "Hollywood Ten" were sent to jail for contempt. HUAC now raced along, and unfriendly witnesses (here and in other venues) fell back upon the Fifth Amendment, which provided only the limited remedy of personal non-compliance rather than calling into question the legitimacy of *any* congressional inquisition into personal beliefs and affiliations.

By the early 1960s, the civil rights movement had raised new possibilities for HUAC and for good reasons: the House Committee had historically been the domain of Dixiecrats who, like J. Edgar Hoover, regarded left-wing movements and "negro equality" as virtually the same thing. Nor were they entirely wrong. The Communist Party, for all its blunders and blind support of the Soviet Union, had worked

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ardently for minority advancement. By 1960, thousands of longtime activists who drifted out of the Party or its Marxist rivals suddenly found themselves in civil rights struggles, North and South. Martin Luther King, Jr., who had read the *Daily Worker* in college and quietly knew his way around the remnants of the left, had quickly and openly recognized in the Committee to Abolish HUAC (headed by civil libertarians Harvey O'Connor and Frank Wilkinson) a sturdy ally in his own fight.

In 1964, as progressive lawyers in the South pressed federal remedies against the barriers of segregation, veteran Christian Socialist James Dombroski—director of the Southern Conference Educational Fund and one of the few white leaders of Southern civil rights—was suddenly arrested in New Orleans and charged with "subversion." The Cold War had returned with a vengeance, as the Joint UnAmerican Activities Committee of the Louisiana legislature set out to prove Dombrowski guilty of something approaching sedition. Not surprisingly, white supremacist Senator James Eastland had orchestrated the move in order to halt the drive toward integration. In response, radical lawyer Arthur Kinoy recalled Reconstruction Era legislation against state abuses of power. By 1967, Kinoy and Dombrowski had won their case in the Supreme Court. HUAC had taken an indirect blow, but a serious one. Now, some reasoned, was the time to do more than the Americans for a Democratic Union or even the American Civil Liberties Union (ACLU) had had the courage to do: to go after Congress' right-wing watchdogs and bring them down.

Stamler and Hall immediately filed a civil suit, refusing to appear before the HUAC hearings in Chicago. They determined to test the constitutionality and legality of the House resolution which had established the Committee decades earlier, the proceedings taking place in Chicago, and the subpoenas that they had received personally. Behind them, an army of activists mobilized, and therein lies perhaps the most significant part of the story.

A unique "M.D. Defense Committee," to raise funds among doctors and professors, was set up under the imprimatur of Paul Dudley White, Dwight Eisenhower's personal physician, and a legal fund of one hundred thousand dollars raised quickly. An academic committee (including anthropologists Dell Hymes, Marvin Harris, and Oscar Lewis) set out on a parallel path, with a massive petition to Congress from scientists, clergymen, and assorted intellectuals. The Stamler Defense also managed to secure the assistance of Attorney Albert Jenner, a prominent and ostensibly conservative Chicago Republican with civil liberties leanings. Cooperation with the ACLU against the witch hunts resumed after a dismal quarter-century marked by ACLU head Morris Ernst's close liaison with secret police chief J. Edgar Hoover. New York Civil Liberties Union lawyer Jerry Gutman joined the Stamler legal team.

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By the middle of 1966, the progressives had set the ball rolling. An unprecedented five-hour debate in the House prompted the most open opposition to HUAC in that body in almost twenty years (in other words, since the days of Congressman Vito Marcantonio). The procedures and the legitimacy of the Committee were interrogated. Under the duress of intense questioning, spokesmen for the Committee admitted that they paid large sums of money to friendly "witnesses," confirming what the left had charged all along about "professional" witnesses like purported former Soviet spy Elizabeth Bentley: they made a good living inventing memories. More than a hundred House members expressed disenchantment with HUAC, including five Detroit representatives (including a young John Conyers), who voted against the Contempt citations. A breach had been created in HUAC's sanctity; it remained for activists to widen that breach.

They did so energetically, and with wide support, including that of several victims of the Hollywood Blacklist, beloved local media figures (such as Studs Terkel), and a host of artists (including Rudolf Baranik, Alexander Calder, Jules Feiffer, Harry Gottlieb, David Levine, Louis Lozowick, Larry Rivers, and Moses and Raphael Soyer, to name only a few), who donated work to be sold at a prestigious auction in Chicago. Even a few academics previously involved in Cold War apologetics, including Talcott Parsons and Seymour Martin Lipset (at that very moment, a chief antagonist of the Free Speech Movement in Berkeley), sheepishly added their names to the lists of supporters.

By now, journalists and politicians who had actually supported earlier investigations or held their tongues began to pronounce HUAC an embarrassment and an anachronism. The *Washington Post*, the *New York Times*, the *Chicago Daily News*, and even prominent Chicago congressmen articulated a deep desire to have the whole thing, HUAC and its attackers, simply go away. Kinoy, who handled the dramatic public presentation of the case, scented both victory and danger in the prospect that HUAC could go dead—or return, like a vampire, as a force attacking the budding antiwar movement.

After four years of public meetings, petitions, lobbying, legal research work, and press conferences, the Seventh Circuit Court of Appeals ruled that the challenge to the Committee's constitutionality was indeed appropriate for trial. Supreme Court Justice Brennan had already pronounced, in regard to the *Dombrowski* decision, that "the Congress has no more right, whether through legislation or investigation conducted under an overbroad enabling Act, to abridge the First Amendment freedoms of the people than do the other branches of the Government." Not that the case ended here, but it was, as Kinoy later put it, "no surprise" that the government dropped the contempt indictments in 1973 rather than face an open trial.

Arthur Kinoy grasped the logic best because he was singularly in

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tune with the moment. Antiwar activists riled pro-war congressmen in many ways during those years. Congress, in turn, encouraged (or turned a blind eye toward) the pattern of FBI and CIA campaigns of harassment, break-ins, buggings, provocations, frame-ups, and deceptions. But agitation and legal work around the *Stamler* case had successfully halted a major avenue of Cold War repression. Federal Judge Howard Corcoran pronounced, indeed, that HUAC had no practical right to proceed at all. A hastily convened seven-judge appellate panel ruled overnight that Corcoran was wrong and that HUAC would continue. But the Committee was put on notice and remained on the run during its final era. In 1974, a weakened and badly discredited HUAC was formally abolished by Congress.

Attorneys like William Kuntsler and Frank Donner had joined Kinoy a few years earlier, as he faced off against the Committee going after the antiwar movement. When HUAC's final chairman, Joseph Poole, ordered Kuntsler silent for having insisted upon the right of the accused to face their accusers, and Kinoy leaped into the breach, Poole ordered the marshall to drag Kinoy from court. From the front page of newspapers to television, the image dramatized the larger case: big, beefy "law and order" figures grabbing a little guy by the throat. The public support flowed in, from Martin Luther King downward. Kinoy's own contempt charge was finally thrown out, after more than a thousand lawyers and law professors petitioned on his behalf. Kinoy had not been silenced. Everything from *Dombrowski* and *Stamler* forward had pointed in the other direction.

Liberals who avidly joined the Cold War crusade had often said earlier that the victims and the executioners in the persecutory process "deserved each other," an especially popular phrase for describing the aftermath of the Hollywood Blacklist. The implication had never been in doubt: communists or ex-communists and Americans of all political varieties who refused to "name names" of their friends and colleagues deserved what they got, even if it was delivered by a Committee most famous for its negrophobia, anti-Semitism, and an atmosphere of tearful confessions of earlier political rebellion. Precious few Cold War liberals had joined the crusade against HUAC until the very end of the process, and latter-day Clinton defenders like Arthur Schlesinger, Jr. were not prominent among them.

The radicals had other lessons to learn. The law, generally and properly considered the domain of the powerful, had become a volatile and useful political arena. The renascent left, aided by civil libertarians with decency and courage, pressed its case after more than a decade of bitter defeats, and won some significant victories along the way.

By the mid-1970s, the FBI would be caught short for its massive misdeeds, the CIA's favorite intellectuals would be deeply embarrassed by revelations about the Congress for Cultural Freedom, and

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even President Nixon would fall.

But the moment ended, and absent the necessary political counterpart, progressives were not strong enough to use the courts to reverse the unconstitutional behavior of Ronald Reagan (although some of his favorite appointees were brought down) and the wars on Central America, not strong enough even to query whether Clinton, guilty of perjury, could be far more guilty of lawless bombing around the planet. But one day, under pressure from a militant social movement and a resurgent left, law might surely be made to speak justice again.

(continued from inside back cover)

The new irrationalism is frightening enough, but it's especially so when our intellectual resources for combatting it seem to be depleted. It's hard to know exactly why this is happening. To say that it's all a response to the horrors of the twentieth century, or to the imperialism of "Western" science, doesn't seem adequate somehow. What we're seeing here isn't just revulsion against the crimes and oppressions of our time but a suspension of precisely those critical faculties that should be mobilized against them.

It's true that the flight from fear and despair to superstition is an old story. As long ago as the seventeenth century, the philosopher Spinoza, for instance, commented on it. It's possible that, at least in some cases, in a world with plenty of desperate people, we're seeing that kind of escape. But how does that explain the irrationalism of left intellectuals in the richest countries of the world?

Whatever the explanation for this cultural trend, one thing about it may be revealing: it tends to be associated with the view that there is no alternative to the world as we now know it, or more specifically, no alternative to capitalism. For those who still believe that there is a better world to hope and struggle for, the tools of critical reason, such as those at work in scientific inquiry, are an indispensable weapon in the arsenal of human liberation.

Rose N. Rubin, a friend and supporter of Monthly Review *since its founding, died last summer at 91.* MR *board member John J. Simon, who knew her, writes:*

Rose Rubin was born in Dorchester—then a Jewish working-class neighborhood in Boston. It was from there that she later commuted by streetcar to Radcliffe College—an institution not known for welcoming either Jews or the daughters of the poor; nonetheless, she made this journey to the vertex of higher education for women and to a world of intellectual ferment, in which she honed her lifelong commitment to social justice and to socialism. Always an activist, Rubin participated in the defense of Sacco and Vanzetti and the Scottsboro Boys, and organized support for the Spanish Republic. In the later thirties, along with her husband Bill Rubin, a prosperous businessman who shared her radicalism, she helped found the American Russian Institute, a research center for analysis of Soviet affairs. During the Second World War, the Institute played an important role in mobilizing popular support for the Soviet struggle against Hitlerite fascism.

With seemingly limitless energy, Rubin joined and often provided leadership for a variety of radical causes, including the founding of the Jefferson School for Social Science (an innovative adult education project sponsored by the Communist Party), Henry Wallace's 1948 third party presidential race, Vito Marcantonio's multiple (and successful) Congressional campaigns, and the *National Guardian*, an independent radical newsweekly that was, with *Monthly Review*, a rare voice opposing the Cold War.

In the sixties, Rubin, a proud "old lefty," nonetheless threw herself into the causes of young radicals. She was an early supporter of the Student Nonviolent Coordinating Committee, the peace movement and the struggle against the war in Vietnam, the emergent feminist movement, and, for forty years, a champion of the Cuban revolution. A person of small stature, Rubin cast a long, militant shadow on the history of her times.

Rose Rubin is survived by two activist daughters, Nancy and Susan, and a multitude of friends and comrades. Her daughters have suggested that, in her memory, donations be made to Monthly Review Foundation.

We want to thank W.H. Locke Anderson for his many years of contribution and commitment as Associate Editor of MR.

Please consider joining MR staff and readers on our trip to South Africa in February 2000. For more information, see page 14, or call the office at (212) 691-2555.

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SUBVERSION IN BRITISH GUIANA: WHY AND HOW THE KENNEDY ADMINISTRATION GOT RID OF A DEMOCRATIC GOVERNMENT

BY HECTOR J. PAREKH

On June 30, 1963, President John F. Kennedy, his British counterpart Harold Macmillan, and a coterie of ambassadors, Foreign Ministers and assistants, met for talks at scenic Birch Grove, England. A joint press communiqué revealed that the delegations discussed issues of mutual and global importance, such as the multilateral force treaty. However, nowhere in the text of the communiqué is it mentioned that the question of British Guiana (now Guyana) figured prominently in the Birch Grove discussions. Macmillan's memoirs and those of Presidential Aide Theodore Sorenson and Secretary of State Dean Rusk all fail to acknowledge that British Guiana—a small, economically backward colony in South America with the population of a small American city—was actually the first subject on the agenda that summer day in 1963. Even Arthur M. Schlesinger, Jr.'s Pulitzer Prize-winning history of the Kennedy Administration only covers the Birch Grove meeting in one cryptic sentence: "... Macmillan said no on multilateral force and yes on British Guiana." It is only in recent years, with the partial declassification of documents surrounding U.S. relations with British Guiana, do we learn what Macmillan agreed to:

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a covert scheme to remove Cheddi Jagan, British Guiana's left-leaning but democratically elected leader, from power.

Origins: 1953-1961

The origins of this little-known tale of subversion (little-known because details remain secret even to this day) go back to 1953, when Jagan's Peoples' Progressive Party (PPP) first came to power in the colony of British Guiana. The PPP's leaders were young, independence-minded Guianese who, by and large, looked to socialism to end the cycle of economic dependency that colonialism had brought to their colony. Jagan openly expressed his admiration for communist governments—a politically naive move, in the context of the West's 1950s anticommunist fervor. It is little wonder, then, that the British Government used Jagan's first contentious piece of legislation, a 1953 labor relations bill that proposed an overhaul of the colony's labor union system, as proof that the PPP wanted to take British Guiana down the slippery slope towards communism. The British Government dissolved the PPP government only 133 days after the 1953 elections and quickly threw Jagan in prison.

In 1957, the Guianese people reelected Jagan and his PPP under a new and more restrictive constitution. This time, Jagan's first effort was to draft, in true "socialist" fashion, a Five-Year Plan for the economy. Because the British Guianese legislative assembly did not have taxation powers, Jagan sought foreign loans to implement his plan. He flirted with the Communist Bloc and Cuba and received some lucrative offers, all of which the British government in London disallowed. But Jagan remained determined to get the money he needed to implement his economic plan. So, in August 1961, after winning yet another election, he prepared to take his crusade for development aid directly to President Kennedy's Oval Office.

Jagan and the United States: "Whole-hearted Cooperation?"

It would be a gross exaggeration to say that all Americans knew or even cared about Cheddi Jagan; but those who did clearly did not like him. State Department files in the U.S. National Archives hold many hundreds of letters from U.S. citizens hostile to the idea of another Castro in the American hemisphere. The State Department responded to many of these letters by gently informing the writers that the British Guianese elected Jagan in a free and fair election and, despite what they read in the newspapers, Jagan never actually called himself a communist.

In the Senate, Thomas Dodd saw Jagan as a proverbial wolf in sheep's clothing, akin to Fidel Castro, who came to power in Cuba on a platform of reform and democracy—only to show later his communist stripes. For Dodd, the fact that Cheddi Jagan denied being a

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communist was irrelevant: "If an animal looks like a duck, walks like a duck and lives habitually with ducks, I believe that every rational person would be prepared to agree that the animal in question is a duck." The Senator cautioned President Kennedy against cooperating with Jagan, noting that "being nice" to communists, like Josef Tito in Yugoslavia, did not work out to be in the best interests of the United States.

Secretary of State Dean Rusk agreed with Dodd's assessment. Believing Cheddi Jagan to be "very far to the left indeed," Rusk argued that Jagan's continued presence in Guianese politics would be a "setback" for the hemisphere. "In the final analysis," Rusk noted, "we should plan for the possibility that we will have no responsible alternative but to work for Jagan's political downfall."

But in late 1961, President Kennedy and his Special Assistant, Arthur M. Schlesinger, Jr., were not yet convinced of the threat Jagan posed to the United States, and despite public and congressional aversion to Jagan, they both believed that an amicable working relationship with Jagan's PPP would be the best and safest course of action. Unfortunately, when Jagan came to the United States in late October 1961, he failed to make a good impression on Kennedy. His refusal to say anything negative about the Soviet Union during an appearance on "Meet the Press" angered the President because it made cooperation politically difficult. Moreover, during the meeting, Jagan failed to convince Kennedy of his sincerity by side-stepping when questioned about his ideological beliefs. "Well, Bevanism, Sweezyism, Hubermanism, Baranism—I really don't get those ideological subtleties," Arthur M. Schlesinger, Jr., recorded him as saying. Still, though Kennedy privately confided that he doubted Jagan would remain committed to parliamentary democracy, he wanted to try to woo him into the democratic camp. Thus, at the end of 1961, the U.S. government's official policy was a "whole-hearted, across-the-board effort to work with the new Jagan Government and to foster effective association between British Guiana and the West." But before the U.S. Agency for International Development (AID) could send the nearly 1.5 million dollars (U.S.) in technical aid that Kennedy allotted to British Guiana, a political riot broke out in the colony on February 16, 1962, forcing the United States to rethink its policy towards Cheddi Jagan.

Toward a New Policy (1962)

The February 1962 riot had a profound impact on U.S. policy toward British Guiana. If Kennedy's policy of cooperation was, before the strike, politically dangerous in light of congressional opposition to the Jagan government, it was even more so afterwards. How could the President justify cooperating with a government that very obviously

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did not have the full support of its people?

For this reason, Dean Rusk reversed U.S. policy towards British Guiana shortly after the riot. In a once Top Secret missive to his British counterpart, Lord Home, Rusk stated that "it would not be possible to put up with an independent British Guiana under Jagan." The inference in this sentence is unmistakable: Rusk wanted the British to do something about this colonial nuisance.

But what? Deposing a democratically elected leader was a thorny affair in which the British government did not want to become involved. Besides, at seven million dollars (U.S.) a year, British Guiana's colonial status was a drain on British coffers. Removing Jagan and reimplementing direct rule would raise that figure to twenty million dollars (U.S.). What is more, the British government could not see what all the fuss over Jagan was about. To them he was not the fearsome communist boogie man the United States made him out to be. In Colonial Secretary Reginald Maudling's words, he was little more than a "naive London School of Economics Marxist filled with charm, personal honesty and juvenile nationalism."

In short, the British government saw it as neither desirable nor necessary to get rid of Jagan simply because U.S. knee-jerk antimarxists disagreed with his ideological disposition. Colonial Secretary Maudling summed up the British feeling over Jagan most concisely when he asked Arthur M. Schlesinger, Jr., tongue in cheek: "if you Americans care about British Guiana so much, why don't you take it over? Nothing would please us more."

Though no one in the U.S. government ever thought of going that far—ethical arguments aside, the costs alone of occupying the country would have led to insurmountable congressional opposition—the Cuban missile crisis of October 1962 sharply refocused U.S. public attention on the specter of communism in the Caribbean and put pressure on Kennedy to do something about Jagan. By late 1962, the pragmatic Kennedy was already looking ahead to the 1964 presidential campaign and believed that British Guiana, added to the Cuba problem, could well tip the scales in the Republican party's favor. The American people, he felt, would not stand for a situation which looked as though the Soviet Union had "leapfrogged over Cuba to land on the continent of South America."

Conveniently, Kennedy found an easy solution to the Jagan problem in the form of electoral manipulation. Guianese politics was not a very sophisticated affair. By and large, the multicultural colony's two most populous races, the Africans and the East Indians, split the popular vote equally. Because Guiana's East Indians worked mainly in the agricultural sector, the East Indian-led PPP captured all of the colony's numerous rural ridings (electoral districts), while the mainly African Peoples' National Congress (PNC) won the smaller number of mu-

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nicipal ridings. A third party, the United Force (UF), led by a millionaire of Portuguese descent, also captured a number of city ridings. Because Cheddi Jagan's PPP had not won a large majority of the popular vote, British officials came up with the idea of changing the electoral system to proportional representation (PR). Under this system, a political party will win a number of seats in the legislative assembly commensurate with the percentage of the popular vote it receives in an election. If this were to occur, Jagan would not be able to win a majority in the legislative assembly, and a UF-PNC coalition might be brokered to keep the PPP out of power.

The problem that remained was how to go about changing the electoral system. Even though Guiana was still fully a British colony, Cheddi Jagan had been elected in a free and fair election under a democratic electoral system to which Britain itself adhered. Simply imposing proportional representation for no good reason would leave Britain to face a barrage of protests in the United Nations General Assembly. What the British government needed was some kind of situation—an "emergency," one U.S. State Department official put it—to prove to the world that the British Guianese electoral system was not working and needed a little "fine tuning."

Covert Action and British Guiana

Since the end of the Second World War, U.S. policymakers have often relied on covert action to effect U.S. foreign policy objectives as the well-documented cases of covert U.S. involvement in Iran, Guatemala, and Chile attest. Like nearly all postwar Presidents, John F. Kennedy was not gun-shy about using covert action. But the failed Bay of Pigs operation in April 1961, in which CIA-supported Cuban exiles tried to invade Cuba, left Kennedy red-faced and, as a result, he was more cautious when dealing with covert action in British Guiana. He knew that covert action was the most precarious option he had at his disposal, for if evidence of U.S. subversion came to light, Jagan would become "a martyr of Yankee imperialism" in the eyes of the world.

But the CIA, facing a post-Bay of Pigs imperative to prove its relevance to U.S. policymakers, continued to work on the British Guiana problem. Arthur M. Schlesinger, Jr. noted that in the wake of the Bay of Pigs humiliation, the CIA's Directorate for Plans (DDP) needed a place to practice its skills, to hone its techniques of covert action, in short to "show its stuff." (Letter to the author, October 1996.) Given the U.S. public's aversion to the Jagan Government, British Guiana was an obvious target.

The first plan the DDP came up with, the details of which are classified to this day, involved manipulating an election in British Guiana under the traditional electoral system. But this plan met with

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opposition from White House staff members. The President's national Security Advisor, McGeorge Bundy, told Kennedy that he did not believe that the "CIA knows how to manipulate an election in British Guiana without a backfire." Arthur M. Schlesinger, Jr. concurred and asked whether the CIA could carry out a "really covert operation—i.e., an operation which, whatever suspicion Jagan might have, (would) leave no visible traces which he can cite before the world as evidence of U.S. intervention." These criticisms led to a reexamination of the Agency's original tactical plan, the result of which was a politically safer, but no less effective approach to covert action: the manipulation of the British Guiana Trades Union movement.

During the 1960s, official State Department policy aimed to give Caribbean trade union movements an "appreciation of U.S. foreign policy and trade objectives." President Kennedy chartered the American Institute for Free Labor development (AIFLD) in August 1961, partly to further this policy and to help fend off communist influences in Latin American and Caribbean labor unions. However, various authors have contended that AIFLD played another role, as a covert arm of the CIA. Where British Guiana was concerned, Arthur M. Schlesinger, Jr. confided that AIFLD "very likely organized and financed opposition to Jagan." In addition to supporting the British Guianese labor unions financially, AIFLD trained foreign labor "operatives" at its school in Front Royal, Virginia. In the summer and fall of 1962, AIFLD reportedly graduated no less than six British Guianese operatives,who went on to play pivotal roles in organizing and fomenting strikes in their country in 1963.

While AIFLD explored the potential for cooperation with British Guianese labor unions, the State Department began making overtures to Jagan's main rival, Forbes Burnham, to see whether he would be willing to lead a U.S.-sponsored coalition government against Jagan. British officials considered Burnham to be a shrewd opportunist, who looked to politics as a means to achieve personal power. Arthur M. Schlesinger, Jr. agreed with this assessment and told President Kennedy in writing that an independent Guiana would be worse off under Burnham than Jagan.

But Burnham, despite being a self-professed "Scandinavian style" socialist, did not have the same reputation that Jagan did in the United States and managed to make a favorable impression on the State Department, AID, and labor leaders whom he met in Washington. On October 14, 1962, less than two weeks before a British Guianese Independence, Burnham met in secret with State Department officials, who warned him that he would not receive U.S. economic aid if he collaborated with Jagan in any way.

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Creating Crisis

Armed with the moral support of the State Department and a promise of future economic aid, Burnham returned to British Guiana and began to lobby in favor of changing the electoral system to one based on proportional representation. He adopted the slogan "no PR, no independence" and saw to it that an Independence Conference held in Georgetown degenerated into a squabble over changes to the electoral system. The future dictator of Guyana, remembering the State Department's warning, refused every one of Cheddi Jagan's numerous offers of compromise.

In early April 1963, Jagan proposed what might have been a harmless labor relations bill, designed to eliminate "company unions" by giving workers in a given industry the right to vote for the union they wanted to represent them in the British Guiana Trades Union Council (BGTUC). But the BGTUC did not see the bill as harmless and called a general strike on April 22. Jagan, refusing to be intimidated, passed the bill on the same day.

According to documents declassified in 1996, the real purpose of the April 1963 strike was to overthrow the Jagan government. Once the strike commenced, BGTUC head Richard Ishmael refused all negotiation with the government. For example, when Home Affairs Minister Claude Christian agreed to hold off enactment of the legislation pending discussions, Ishmael ignored him.

By May 9, the economic situation in the colony had deteriorated markedly. More seriously still, scores were dying from related racial violence between Guiana's Africans and East Indians, whose mutual antipathy dated back to the nineteenth century. The U.S. government knew that if the situation grew worse, the Macmillan government would have the excuse it needed to suspend the British Guianese constitution and impose a new electoral system in the colony.

U.S. covert operators and the funds they supplied played a pivotal role in blowing the strike of 1963 out of proportion. Without funds, the strike would have lasted no more than a few weeks at best before the threat of starvation forced Guianese laborers back to work. Instead, workers were able to stay on strike for eighty days—enough time to virtually cripple the economy. Their leader, Richard Ishmael, received a small amount of overt emergency aid from world trade unions such as the U.S. AFL-CIO, the British Trades Union Council, and the Caribbean Confederation of Labor.

But emergency aid was not enough. In order to keep worker morale high and ensure the strike's momentum, the BGTUC needed to keep actual funds flowing into the pockets of British Guiana's workers. For this, the State Department entered into the fray and coordinated relief efforts from Port of Spain, Trinidad, and Georgetown. At one

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point, the U.S. government arranged for the deposit of a minimum of thirty thousand dollars (U.S.) into the accounts of British Guianese trade unionists Joseph Pollydore and Walter Hood, in order to help the BGTUC "meet the shock of [the] first checkless payday."

Until quite recently, the source of the BGTUC's funding remained a secret. The AFL-CIO openly admitted to supporting the BGTUC financially, but claimed that the funds came from U.S. union coffers and nowhere else. The U.S. government maintained that it had nothing to do with the strike efforts and still refuses to declassify many documents relating to its operation in British Guiana. However, in once-classified government memoranda, one gleans evidence of U.S. covert involvement. For example, at the beginning of the strike, Consul General Melby wired the State Department advising that it should be wary of sending money directly to BGTUC head Richard Ishmael because he "is too erratic, talks too much [and] *would be bound to give away the source of the funds.*" (Emphasis added). Because the source of the funds was supposedly the AFL-CIO and its affiliates, who openly admitted their support for the BGTUC, the source that Ishmael "was bound to give away" was evidently the U.S. government. How much the United States spent on the strike is still a matter for speculation since "national security" precludes declassification of certain documents.

By the time Kennedy and Macmillan met at Birch Grove in June 1963, the U.S.-backed strike had brought the British Guianese economy to a virtual standstill. The turmoil in British Guiana, gave the British government the justification it needed to intervene in the colony's electoral system. When the Colonial Secretary asked the President whether the United States would be prepared to support Britain in the United Nations should the former change the electoral system in British Guiana, Kennedy (who had twice expressed his concern over the impact of a "communist" British Guiana on his chances for reelection), piped up enthusiastically: "It would be a pleasure. We would go all out to the extent necessary."

A Dubious Legacy

Shortly after Birch Grove, the general strike in British Guiana ended when the BGTUC suddenly and inexplicably agreed to negotiate with the Jagan government. In October 1963, at an Independence Conference in London, Colonial Secretary Sandys declared that the "root" of the British Guianese troubles was the development of party politics along racial lines. He argued that changing the electoral system to one based on proportional representation would resolve the problem by encouraging "interparty coalitions and multi-racial groupings." In December 1964, despite receiving a majority of the popular vote, Cheddi Jagan's PPP lost its majority status in the legis-

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lative assembly to a U.S.-supported coalition government led by Forbes Burnham.

In 1996, former Special Assistant Arthur M. Schlesinger, Jr. admitted that "as it turned out, Jagan was neither as sinister nor Burnham as benign as we supposed." Ironically, the U.S.-supported government of Forbes Burnham quickly turned "socialist" and began nationalizing some of an independent Guyana's main industries. But after Guyana's independence in 1966, the American public, preoccupied with events in Southeast Asia, did not notice Burnham's turn to the left or his increasingly corrupt leadership. He ruled Guyana until his death in 1985.

The "Illusion of American Omnipotence"

The real reason for Cheddi Jagan's removal from office is shocking. As the evidence in the historical record shows, John F. Kennedy and his administration never perceived any strategic or economic threat from the Jagan government. What really concerned the President was how the U.S. public's perception of "another Castro" in the hemisphere would affect his chances for reelection. By getting rid of Jagan, President Kennedy was simply ensuring that his Republican competitors would have one less round of ammunition to fire at him in the presidential campaign of 1964.

In 1975, Senator Frank Church wrote that the "illusion of American omnipotence" contributed to the "fantasy that it lay within [the U.S.'s] power to control other countries through manipulation of their affairs." In the case of British Guiana, this notion was not fantasy. This case is a solid example of how covert action could destabilize a foreign government and leave very few telltale signs. In the final analysis, however, arranging for Jagan to lose power did not further any real U.S. national interest in the slightest. The Kennedy Administration wasted taxpayers' money getting rid of a leader whose only crime was to disagree vocally with the perceived capitalist exploitation of his country. As a question of the esthetics of imperialist intervention in the affairs of small nations, the covert operation in Guyana was artful and elegant. But for the people of Guyana, who then lived through twenty years of the corrupt Burnham dictatorship, a certain lack of appreciation is entirely understandable.

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BOOKS

Prison Sentences

by Mumia Abu-Jamal

Bell Gale Chevigny, ed., *Doing Time: 25 Years of Prison Writing* (New York: Arcade, 1999), 349 pp., $27.95, cloth.

Fyodor Dostoevsky's old adage, about measuring a civilization by reviewing its prisons, if followed in the U.S. context, is a condemnation of this nation's own version of the gulag archipelago. A cross-section of prisoner's writings submitted to the PEN writing contest for the past quarter-century reveals the cold, dark underside of the American dream. Men and women, denizens of both state and federal prisons, write brilliantly about trying to stay human in the midst of places of marked inhumanity, and indeed, places that only succeed if they dehumanize.

The submissions in *Doing Time* work, on one level, like maps of time, tracing the high-water mark of prison activism and social rebellion of the early to mid-1970s to the more individualistic, less politicized, and more repressive 1990s. Here we see the microcosm that prisons represent in a social order, for as in the streets, so in prison.

Here, it is also clear that prisons, by their very nature, serve political interests, and one of them is black containment, seen in the sharp trajectory of African-American incarceration rates from the 1970s to the present.

It is a rare submission that does not reflect the predominantly black milieu that prison has become. Indeed, to speak of 'prison culture' is tantamount to speaking of a black subculture that is the fundament from which distinctive prison slang, attitudes, and ways of jailing arise. It is no

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Mumia Abu-Jamal is a prisoner on death row in Waynesburg, PA. Before his incarceration, he was a journalist and activist in Philadelphia. For more information, or to get involved in the fight to stop his execution, contact: International Concerned Family and Friends of Mumia Abu-Jamal, PO Box 19709, Philadelphia, PA, 19143; phone: (215) 476-8812; email: mumia@aol.com; website: www.mumia.org.

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historical coincidence that one of the nation's largest and most repressive prisons stands on the site of a one-time slave plantation, and is even named for the region of southwest Africa from which most of these captives were taken: Angola. Caged Cajun writer Michael E. Saucier pens a poem on working in the tropic-like fields of Louisiana that could've been crafted by an observant, literate slave:

Meanwhile,
we chop chop chop
our hoeing has a rhythm
our mouths dry and dirty
the water cooler, empty
fewer words are spoken;
we're looking for the headland ...
The gun guard's eyes sweep the line
alert to any disturbance;
carelessly, I take an extra step
his 12 gauge
pumps up—KA KLAK
steel-barreled voice, blue and hot
"Get off my guard line. NOW!" ....
(from "The Gun Guard," 1991, pp. 78-79.)

What is obscured and hidden in society is often naked in prison: the relentless stimulation of racism to keep folks divided, the ruthlessness of official power, and the reliance upon state violence to protect the status quo. These features define the U.S. prison experience and again reflect its roots, which are intertwined with the larger social order.

Prisons serve another function: the inculcation of terror in the minds of the working class, as a tool of class and racial discipline. It is for this reason that prisons held (or hold) some of the most memorable rebels and activists in the nation's history: Marcus Garvey, Eugene Debs, William Lloyd Garrison, Malcolm X, Eldridge Cleaver, Dr. Huey P. Newton, Ramona Africa, Assata Shakur, Geronimo ji-Jaga, Dhoruba bin-Wahad, Leonard Peltier, Sundiata Acoli, Dr. Mutulu Shakur, Dr. Alan Berkman, and many others. Prisons serve to stifle and decimate movements that oppose the status quo. In many ways, such a strategy has prevailed.

One of the ways to defeat such a strategy is to destroy the cloak of invisibility that pervades U.S. dungeons. *Doing Time* does this, and is a tool to be utilized. Yet, it is not an end; it is a beginning. It is a doorway to consciousness, and a window into a dark world where consciousness, like flood tides, ebbs and flows.

Some of the work frankly reflects the period of ebb, where prison hustles abound, where prisoners play pimp, where resistance is a distant, faded memory. Some of it, however, is quite perceptive, and sees clearly the political role dungeons serve. Here is some damn good writing: imaginative, moving, wrenching, and humorous. It is a beginning.

But a good beginning.

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A Revolutionary Tale from the Mayans of the Lacandon

by Jack Weston

Subcomandante Marcos, illustrated by Domitila Domínguez, *The Story of Colors/La Historia de los Colores: A Folktale from the Jungles of Chiapas* (El Paso, TX: Cinco Puntos Press, 1999), $15.95, hardcover.

Sup Marcos has a new book, this time beautifully illustrated with a facing English translation. For six years, his letters and communiqués have shaped the minds of most Mexicans, as well as a growing number of other Americans, north and south. His voice is colorful and distinctive, full of jokes, sarcasm, whimsy, fantasy, and diverse idioms, such as the Mayans in Chiapas, the campesinos of the towns, the intellectuals and journalists, the people of Mexico City's streets and universities use.

But, in substance, the book speaks the vision of the indigenous people of Chiapas and, by extension, less-organized civil societies elsewhere. Marcos insists on this. He speaks for the Committee of the Zapatista Army, who collectively instruct him what to write, and edit the result. The committee even oversees and shapes his letters and famous P.S.'s. And, as he says in the prologue to the English translation of his writings from the first six months of the uprising, "the authority of the committee in the communities is indisputable."[1]

The folktale Marcos tells here, under nineteen two-page paintings by his collaborator, Mazatecan artist Domitila Domínguez, speaks from the Chiapas indigenous civil society to those other, less-organized civil societies of Mexico and the world. Marcos and old Antonio are walking in the mountains when they see a macaw. Marcos wonders how one bird can have so many colors. Antonio tells the story of how that came to be and, in passing, why children's laughter suddenly turns to tears, why people vary in color and in ways of thinking.

At first, the world was black and white, the people blind and tired, the gods bored and quarrelsome. They decided to make more colors so that the

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people's lives would be more joyous and companionable. They found five more colors (representing something like life, hope, growth, wholeness, joy) and, with wild abandon, threw around the myriad of colors to paint the world, including the different people in it. Then they painted the macaw with all of the colors, so that people would remember "how many colors there are and how many ways of thinking, and that the world will be happy if all colors and ways of thinking have their place" ("el mundo será alegre si todos los colores y todos los pensamientos tienen su lugar").

Marcos' story calls for a better world. The black and white first world is both the old class society (of owners and their captive workers) and modern global capitalism—what Eduardo Galeano recently called "the global uniformization, a sort of McDonaldization of the entire world" which denies "our capacity to be diverse, to have many different ways to live life, celebrate, eat, dance, dream, drink, think, and feel."[2] Marcos would call it his country under neoliberalism, where the government, economy, and mass culture help global capital rape the land and oppress the people, the beast with "1001 fangs sunk into the neck of southeastern Mexico" sucking "Chiapan blood" to flow to "various empires"—namely, the United States, Canada, Holland, Germany, Japan (33).

The joyous, diverse world at the end of the tale represents the whole world after the revolution, not just a local civil society, or even a network of them within the old oppressive order. As described in the Prophecy from the Lacandon Jungle in August 1992, "the earth in peace again, the world will no longer be the world, but something better" (51). It was later augmented to read, "better for everybody" (112). This is the new postrevolutionary world, which Marcos has never described systematically because he will not prescribe a world that is to be created democratically, by all the people in it. Like the other Zapatista leaders, Marcos commands by obeying, as he declares again and again. He describes repeatedly the new world with slogans and phrases: everything for everybody, nothing for ourselves; peace with justice, truth, freedom, democracy, dignity; a dignified life for everyone. Although Marcos does not call it socialism or communism, it is, in the words of the *Manifesto*, "an association in which the free development of each is the condition of the free development of all." Since it is a world in which all people have equal value (that is, there are no economic classes), it follows that the means of production is socialized. Marcos never says this explicitly, but he repeatedly implies it in such claims as "the land that gives life and struggle belongs to all of us" (91) and "land is for the indigenous people and the campesinos who work it" (157). Marcos' utopia is not anarchistic but "a future in which governments, whatever their political tendency, work under the constant and strict vigilance of a free and democratic civil society" (148-149). And it hardly needs saying that Marcos' future is not the "third sector" of Jeremy Rifkin or the more radical André Gorz, neither market nor state, a kind of free zone allowed by capital to exist for a few disaffected people.[3] Marcos, speaking as always for his people, scorns

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final compromises with the system and envisages a free world liberated entirely from capital.

This tale indicates "the place toward which our feet should walk in order to be true" (138). The tale itself doesn't indicate the way to get there. The gods create the new world in the story, and they are clearly meant to represent human beings, not the immortal "seven gods who gave birth to the world," but quarrelsome, playful, loving, sleeping, thinking gods like us. They have the additional magic allowable in folktales. So the agency of historical change is human.

Marcos has some ideas about how we mortals can get there. Networks of autonomous, democratic civil societies work together and make a revolution. A civil society is, in the oft-repeated definition of Carlos Monsiváis, "self-generated community power and solidarity, the space independent of government" (263). Marcos addresses groups like the "brothers and sisters of the Non-Governmental organizations, of the campesino and indigenous peoples' organizations, workers of the countryside and of the city, teachers and students, housewives and neighborhood residents, artists and intellectuals, those of the independent parties, Mexicans" (236). A popular movement, like the growing El Barzón in Mexico, is a civil society. The Lacandon Zapatistas represent the best organized one—the indigenous people in Chiapas who, because they hurt the most and the longest, have become "the shadows of tender fury" covering the sky and awakening and inspiring other civil societies (175). Marcos rejects party vanguardism but not the possibility that the Chiapas example might spread to the countryside and towns and cities. The Zapatistas want to spread their hope and anger and dreams by means of all advanced technologies: television, film, radio, electronic communication to newspapers and periodicals, video shows with music in local markets.

Even a beautifully produced, illustrated folktale, elegantly printed in Hong Kong for coffee-table display, helps the revolution. No wonder the National Endowment for the Arts noisily withdrew its promised funding to Cinco Puntos Press—thus, with characteristic and gratifying stupidity, guaranteeing that the first printing would sell out.[4]

NOTES

1. *Shadows of Tender Fury* (New York: Monthly Review Press, 1995), p. 27. Numbers in parentheses in this review refer to pages in this important book, which I cannot praise too highly.
2. *The Progressive*, July 1999, p. 36.
3. See Daniel Singer, *Whose Millennium? Theirs or Ours?* (New York: Monthly Review Press, 1999), pp. 172-175.
4. See JoAnn Wypijewski's excellent review in *The Nation*, April 19, 1999, pp. 34-35. It reported a second print run of six or ten thousand, with Marcos' royalties all going to finance a reprinting of the first edition in Mexico.

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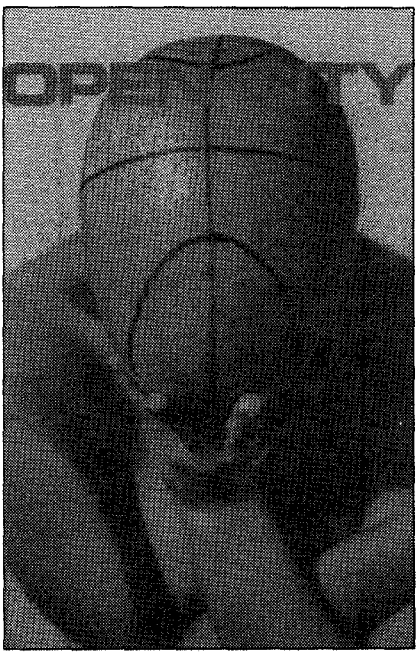

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NOTES FROM THE EDITORS

Many MR readers will remember when teaching the theory of evolution was prohibited by law in some U.S. states. This wasn't just at the time of the infamous Scopes "monkey trial" in 1925 but still decades later. In the 1950s, during the McCarthy era, the anti-evolution law took on a new significance, symbolizing the suppression of intellectual freedom which was the hallmark of that grim episode in U.S. history. In 1955, the ACLU, which had initiated the original constitutional test of the Tennessee law that culminated in the Scopes trial, again called for repeal of the law, as a symbol of every attack on the freedom of thought. That same year, "Inherit the Wind" appeared on Broadway, presenting the "monkey trial" as a thinly disguised metaphor for McCarthyism.

The point here is that there was a time, not so very long ago, when no even mildly progressive person, and certainly no one on the left, would have had any doubts about what it meant to suppress the teaching of evolution. It represented not just some laughable flat-earth ignorance but a dangerous assault on basic freedoms and even a foretaste of fascism.

Today, something has changed. The outright legal prohibition of evolutionary theory in the classroom is probably a thing of the past in the United States, but the recent decision by the Kansas school board to "discourage" the teaching of evolution and to exclude questions about it from student evaluation tests is alarmingly close. The striking thing about this decision isn't so much that it happened—after all, in recent years we've become accustomed to the excesses of Christian fundamentalism. What's even more frightening is that the instinct to oppose this kind of thing seems to have become a lot weaker than it used to be. A major lead piece in the Sunday *New York Times* "Week in Review," for instance, was pretty calm about the Kansas decision and simply suggested that evolution and creationism be taught side-by-side. And no politician has had the guts to denounce the decision as the dangerous and retrogade step that it is.

But more remarkable still is the fact that Christian fundamentalism can now find support in the work of some supposedly radical academics. For instance, that *NY Times* piece points out that creationists have invoked the relativistic arguments of postmodern philosophy, suggesting that the theory of evolution, no less that creationism, is built on certain basic tenets of faith. Making that kind of connection between creationism and postmodernism may, as the *Times* says, be "an act of intellectual jujitsu" on the part of creationists, but the fact is that their attack on science isn't a million miles away from the postmodernist critique.

People living at the end of the twentieth century aren't likely to be unaware of all the things that can be said about the evils perpetrated with the help of science. Nor are socialists likely to be unfamiliar with the observation that scientific knowledge, like any other expression of human consciousness, is mediated by all kinds of things, from the biological apparatus of human perception to the collective values of a given society; that scientific practice is affected by its time and place; and that scientists, like other human beings, are susceptible to influence by everything from material interests to cultural habits to their own psychological idiosyncracies. And we've all certainly experienced attempts to close off debate by means of appeal to the higher authority of scientific expertise. But surely the whole point about scientific knowledge—in the now conventional meaning of "science" (which we refuse to call "Western science," as postmodernist critics are inclined to do)—is that, whether it succeeds or not, it's meant to be critically self-conscious about its own flaws and to look for methods of transcending them, as far as is humanly possible. It's a form of knowledge that's defined by the obligation to question and to test, not to take appearances for granted or to leave authority unchallenged. In other words, it's defined by qualities that are essential to a critical and democratic intelligence.

You would think, then, that critiques of science, especially from the left, would have more to do with its failures to live up to its own principles than with the principles themselves. But instead we're getting what, for lack of a better word, we can only call irrationalism, of which the rejection of scientific reason is just one example. The United States may be the only country in the advanced capitalist world where an absurdity like the Kansas decision could happen. But the irrationalist trend has become a fairly widespread current—not just in various kinds of religious fundamentalism but in the intellectual culture of the West.

(continued on page 49)

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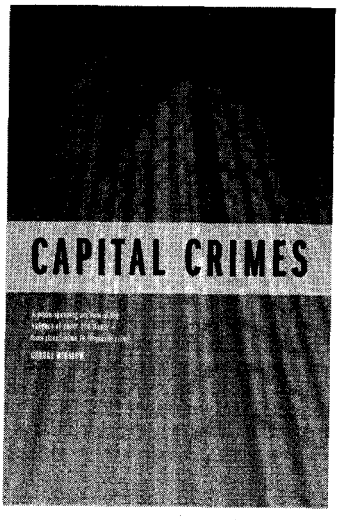

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